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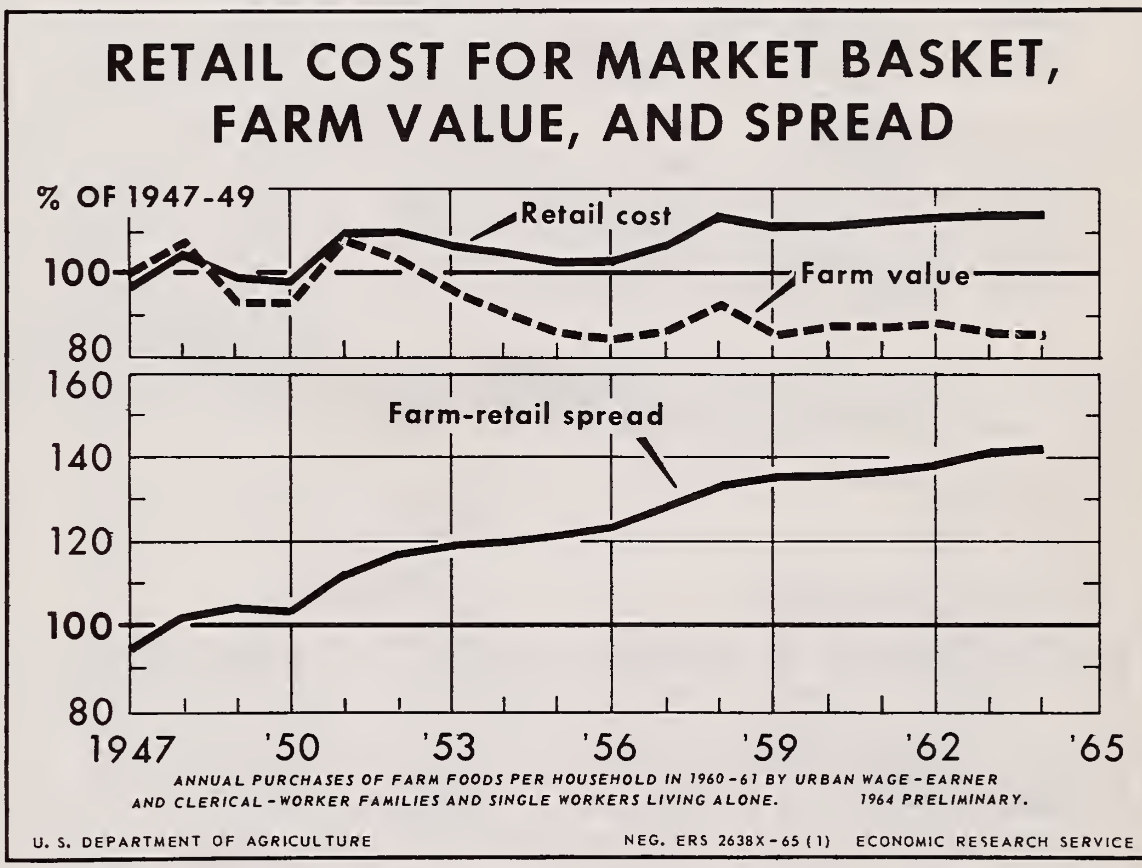
MARKETING and TRANSPORTATION SITUATION

MTS-156 For Release February 8, A. M. FEBRUARY 1965

The retail cost of a market basket of farm-originated food products averaged less than 0.5 percent higher in 1964 than in 1963. This was the smallest rise in the annual average since 1959, the last year the retail cost decreased. Returns to farmers (the farm value) from those products scarcely changed from 1963 to 1964. Thus, the spread between the retail cost and farm value (the charges for marketing) increased less than 0.5 percent--next to the smallest increase since 1950, the last year a decrease occurred. The small increase last year accompanied a relatively small rise in prices of goods and services used by marketing firms.



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- Marketing Spreads for Beef, Pork, Lamb, Chickens, Turkeys, Eggs, and Dairy Products
- Output per Man-Hour in Food Manufacturing
- Marketing Spreads for Leather Products

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STATISTICAL SUMMARY OF MARKET INFORMATION

Item	Unit or base period	1963 Year	1963 Oct.-Dec.	1964 Apr.-June	1964 July-Sept.	1964 Oct.-Dec.
Farm-to-retail price spreads						
Farm-food market basket: 1/						
Retail cost	Dol.	1,013	1,011	1,004	1,024	1,020
Farm value	Dol.	374	368	360	384	378
Farm-retail spread	Dol.	639	643	644	640	642
Farmer's share of retail cost	Pct.	37	36	36	37	37
Cotton: 2/						
Retail cost	Dol.	2.17	2.16	2.18	---	---
Farm value	Dol.	.32	.32	.32	---	---
Farm-retail spread	Dol.	1.85	1.84	3/1.86	---	---
Farmer's share of retail cost	Pct.	15	15	15	---	---
Cigarettes: 4/						
Retail cost	Ct.	29.6	---	---	---	---
Farm value	Ct.	3.78	---	---	---	---
Federal and State excise taxes	Ct.	12.9	---	---	---	---
Farm-retail spread excluding excise taxes	Ct.	12.9	---	---	---	---
Farmer's share of retail cost	Pct.	13	---	---	---	---
General economic indicators						
Consumers' per capita income and expenditures: 5/						
Disposable personal income	Dol.	2,125	2,159	2,244	2,264	2,288
Expenditures for goods and services	Dol.	1,980	2,002	2,066	2,103	2,103
Expenditures for food	Dol.	401	402	412	421	421
Expenditures for food as percentage of disposable income	Pct.	18.9	18.6	18.4	18.6	18.4

Item	Unit or base period	1963 Year	1963 Dec.	1964 Oct.	1964 Nov.	1964 Dec.
Hourly earnings, production workers, manufacturing 6/	Dol.	2.46	2.51	2.53	2.56	2.58
Hourly earnings of food marketing employees 7/	Dol.	2.17	2.20	2.25	2.27	---
Retail sales: 8/						
Food stores	Mil. dol.	4,929	4,991	5,229	5,258	---
Apparel stores	Mil. dol.	1,205	1,250	1,301	1,284	---
Manufacturers' inventories: 8/						
Food and kindred products	Mil. dol.	6,028	6,028	5,956	6,031	6,019
Textile mill products	Mil. dol.	2,886	2,886	2,857	2,790	2,825
Tobacco products	Mil. dol.	2,314	2,314	2,319	2,303	2,372
Indexes of industrial production: 9/						
Food and beverage manufactures	1957-59=100	117	119	121	122	---
Textile mill products	1957-59=100	117	119	128	130	---
Apparel products	1957-59=100	126	129	137	---	---
Tobacco products	1957-59=100	115	115	123	---	---
Index of physical volume of farm marketings	1957-59=100	115	131	175	157	137
Price indexes						
Consumer price index 6/	1957-59=100	106.7	107.6	108.5	108.7	108.8
Wholesale prices of food 6/	1957-59=100	100.4	99.9	101.3	101.1	100.1
Wholesale prices of cotton products 6/	1957-59=100	100.3	101.5	99.0	99.1	99.4
Wholesale prices of woolen products 6/	1957-59=100	100.9	102.8	103.1	103.3	102.8
Prices received by farmers 10/	1957-59=100	100	98	98	97	97
Prices paid by farmers, interest, taxes, and wage rates 10/	1957-59=100	107	106	107	107	107

1/ Contains average quantities of farm-originated foods purchased annually per household in 1960-61 by wage-earner and clerical-worker families and single workers living alone. Estimates of the farmer's share do not allow for direct Federal payments to producers, except for the value of wheat marketing certificates. 2/ Data for average family purchases in 1950 of 25 articles of cotton clothing and housefurnishings divided by number of pounds of lint cotton required for their manufacture; see U.S. Dept. Agr. Mktg. Res. Rpt. 277. Retail price data for second half of 1964 are not available yet. 3/ Farm-retail spread does not include Federal payments, which began in April 1964, of 6.5 cents per pound made through issuance of payment-in-kind certificates to domestic users of eligible U.S. raw upland cotton. 4/ Data for package of regular-sized popular brand cigarettes; farm value is return to farmer for 0.065 lb. of leaf tobacco of cigarette-types; data for year ended June 30, 1964. 5/ Seasonally adjusted annual rates, calculated from Dept. of Commerce revised data. 6/ Dept. Labor. 7/ Weighted composite earnings in food processing, wholesale trade, retail food stores, calculated from data of Dept. Labor. 8/ Seasonally adjusted, Dept. Commerce. Sales data for 1963 are averages of monthly totals (unadjusted). Inventory data for 1963 are book values at end of year (adjusted). 9/ Seasonally adjusted, Board of Governers of Federal Reserve System. 10/ Converted from 1910-14 base.

THE MARKETING AND TRANSPORTATION SITUATION

Approved by the Outlook and Situation Board, January 29, 1965

CONTENTS

SUMMARY

Charges per unit for assembling, processing, and distributing farm-originated food products rose less than 0.5 percent in 1964. This continued the rise each year since 1950. The increase last year was next to the smallest increase during the 1950-64 period; the smallest increase occurred in 1960.

The small increase in marketing charges in 1964 reflected relative stability of costs of goods and services used by marketing firms. Hourly earnings of food marketing employees averaged about 4 percent higher in 1964 than in 1963, but increases in output per man-hour prevented unit labor costs from rising as much as hourly earnings. Transportation rates likely averaged about the same in 1964 as in 1963. Prices of goods and services (not including raw materials and labor) purchased by food marketing firms averaged about 1 percent higher than in 1963.

Prices received by farmers for food products in the "market basket" were about the same in 1964 as in 1963. Decreases in the farm values of meat products and poultry and eggs were offset by increases for other product groups.

Retail cost of the market basket of farm food products went up less than 0.5 percent from 1963 to 1964. This was the smallest annual increase since 1959, the last year it declined. Variations in retail costs among product groups were offsetting.

In 1964, farmers received an average of 37 cents of the consumer's dollar spent in retail food stores for farm foods, the same share as in 1963. The farmer's share averaged 39 cents in 1957-59.

Highlights of Special Articles

<u>Marketing Spreads for Beef, Pork, and Lamb</u>, p. 12.--Prices received by farmers

for beef cattle declined again last year, as they did in 1963. Retail and wholesale prices of Choice beef also declined. As usual, the change at the farm level was larger than at the retail and wholesale levels. Thus, the spread between the retail price per pound and the farm value of an equivalent quantity of live beef cattle widened. Production of beef was 12 percent larger during 1964 than in 1963.

Prices farmers received for hogs and retail and wholesale prices of pork declined. Retail prices of pork, however, declined more than prices of hogs, so the farm-retail spread decreased slightly. Production of pork in 1964 was 1 percent larger than in 1963.

Farmers received higher prices for lambs in 1964 than in the preceding year and retail and wholesale prices of lamb also were higher last year. As frequently happens, the farm price changed more than the retail price, so the farm-retail spread decreased slightly. Production of lamb and mutton was down 7 percent last year from 1963.

Marketing Spreads for Eggs, Frying Chickens, and Turkeys in Selected Cities of the United States, p. 16.--Prices of eggs, frying chickens, and broilers retailed in major cities in the United States averaged lower at all market levels in 1964 than in 1963. Farm-retail spreads decreased for eggs, increased for turkeys, and did not change for frying chickens from 1963 to 1964.

Farm-retail spreads for large eggs of Grade A or better quality averaged 22.7 cents a dozen in 11 major U.S. cities in 1964--0.3 cent less than in 1963. This decrease was due entirely to smaller farm-retailer spreads; retail store spreads increased. The farmer's share of the retail prices averaged 58 percent for the 11 cities in 1964.

Frying chickens retailed in 11 major cities had farm-retail spreads that averaged 19.9 cents a pound in 1964--the same as in 1963. A decrease in the retail store spread offset an increase in the farm-retailer spread. The farmer's share of the retail prices of frying chickens in the 11 cities averaged about 50 percent in 1964 compared with 51 percent in 1963.

Farm-retail spreads averaged 20.6 cents a pound on ready-to-cook medium-size turkeys in 5 major U.S. cities in October-December 1964--1.9 cents wider than a year earlier. Both farm-retailer and retail store spreads were wider in the fourth quarter of 1964 than in the same period of 1963.

Marketing Spreads for Dairy Products, p.22.--Farmers received slightly larger returns per unit from the principal dairy products last year than in 1963. Farm-retail spreads increased slightly from 1963 to 1964, for fresh milk delivered to homes and for American processed cheese, but decreased for fresh milk sold in stores and for evaporated milk and ice cream. Farm-retail spreads for butter did not change. Retail prices of fresh milk, butter, and American processed cheese increased from 1963 to 1964; that of evaporated milk averaged the same in both years. The retail price of ice cream in half-gallon containers declined again in 1964, the fifth consecutive decline in the annual average. All changes in retail prices and farm-retail spreads were moderate.

Retail prices of the principal dairy products, except ice cream, have been higher in recent years than in the mid-1950's. Farm values of these products have increased slightly. Farm-retail spreads, except for ice cream, have increased by much larger percentages than the farm values. But these spreads have been relatively stable in recent years.

Marketing Spreads for Leather Products, p. 28 .--About four-fifths of this country's leather supply is used in the manufacture of shoes. The value of the hide bought by a tanner from a meatpacker accounted for about 7 percent of the retail price of a pair of men's shoes retailing for $9.95. Charges for tanning amounted to about 8 percent, manufacturing of shoes for 40 percent, and retailing for 45 percent.

Output Per Man-Hour in Food Manufacturing, p. 30.--Output per man-hour of all employees in factories processing farm-originated foods averaged 56 percent larger in 1963 than in 1947-49, and production in recent years included many products with more processing services than did the product "mix" in earlier years. The increase in output per man-hour has been fairly constant from year to year since 1947-49. Because of this increase, total man-hours worked annually in food manufacturing plants have declined.

The annual rate of growth from 1947 to 1963 in output per man-hour averaged 3.3 percent in food manufacturing. This rate compares with a rate of 2.6 percent for the total private nonfarm sector of the economy, which includes, manufacturing, trade, and service industries. The rate of growth in food manufacturing, however, was not as large as that in agriculture, which averaged 5.7 percent. Technological improvement in capital goods probably was the most important single factor contributing to the growth in output per man-hour in food manufacturing.

The Marketing and Transportation Situation is published in February, May, August, and November.

The next issue is scheduled for release on May 12, 1965.

FARM-RETAIL SPREADS FOR FARM FOOD PRODUCTS

Marketing Charges Show Little Change in 1964

Marketing charges for the "market basket" of farm-originated foods averaged \$642 (annual rate) in 1964, about \$3 above the 1963 average (table 1). 1/ The farm-retail spread has increased each year since 1950. The increase last year was next to the smallest increase during the 1950-64 period; the smallest increase--less than \$1--occurred in 1960. Marketing charges have been more stable thus far in the 1960's than in the 1950's. The spread has increased an average of \$7 per year since 1959 compared with an average annual increase of about \$14 in the 1950's. The farm-retail spread in 1964 was 42 percent larger than that in 1947-49.

Changes in annual average farm-retail spreads from 1963 to 1964 were relatively small for most product groups (table 2). The largest change was a 2-percent increase in the spread for the meat products. Spreads for poultry and eggs and fats and oils decreased 1 percent and spreads for dairy products decreased less than 1 percent. These decreases were slightly more than offset by small increases in the spreads for the other product groups.

Two products--beef and potatoes, accounted for much of the small increase in the market basket spread (tables 20 and 21, pp. 42-43). Moderating this effect were relative large declines in the spreads for frozen orange juice concentrate, frying chickens, and several other products.

The farm-retail spread of the total market basket scarcely changed from fourth quarter 1963 to the same quarter of 1964 (table 19, p. 41). However, wide changes did occur for some product groups that tended to offset one another. The spread for fresh fruits and vegetables was 8-percent wider in the fourth quarter of 1964 than a year earlier; the spread for meat products was up 2 percent. The spread for processed fruits and vegetables decreased 6 percent and that for fats and oils products decreased 4 percent.

The farm-retail spread for the market basket was up less than 1 percent in the final quarter of 1964 from the July-September quarter, mainly because of wider spreads for meat products and poultry and eggs (table 19, p. 41).

Hourly earnings of food marketing employees averaged 4 percent higher in 1964 than in 1963. Increased output of marketing services per man-hour, however, kept labor costs per unit of product from rising as much as hourly earnings. Transportation rates probably were about the same in 1964 as in 1963. Prices of goods and services used by food marketing firms (not including raw materials and labor) averaged about 1 percent higher last year than in 1963.

Before-tax profits of food manufacturing corporations averaged 4.7 percent of sales during the first 9 months of 1964, compared with 4.4 percent in the same period of 1963, according to a joint report of the Federal Trade Commission and the Securities and Exchange Commission.

1/ The "market basket" contains the average quantities of domestic farm-originated food products purchased annually per household in 1960-61 by wage-earner and clerical-worker families and single workers living alone. Since the market basket does not contain imported foods or fishery products and other foods of nonfarm origin or the cost of meals in eating places, its retail cost is less than the cost of all foods bought per family. The farm value is the return to farmers for the farm products equivalent to the foods in the market basket. The farm-retail spread is the differences between the retail cost and the farm value. It is an estimate of charges made by marketing firms for assembling, processing, transporting, and distributing the products in the market basket.

Table 1.--The farm food market basket: Retail cost, farm value, farm-retail spread, and farmer's share of retail cost, 1954-64 1/

Year and month	Retail cost	Farm value 2/	Farm-retail spread	Farmer's share
	Dollars	Dollars	Dollars	Percent
1954	933	396	537	42
1955	917	371	546	40
1956	920	366	554	40
1957	953	380	573	40
1958	1,009	407	602	40
1959	985	377	608	38
1957-59 average	983	388	595	39
1960	991	383	608	39
1961	997	380	617	38
1962	1,006	384	622	38
1963	1,013	374	639	37
1964 3/	1,015	373	642	37
1963				
January	1,016	386	630	38
February	1,020	380	640	37
March	1,013	370	643	37
April	1,004	374	630	37
May	1,002	366	636	37
June	1,007	372	635	37
July	1,021	385	636	38
August	1,023	377	646	37
September	1,018	376	642	37
October	1,012	375	637	37
November	1,011	372	639	37
December	1,010	359	651	36
1964 3/				
January	1,014	375	639	37
February	1,012	368	644	36
March	1,006	370	636	37
April	1,004	361	643	36
May	1,000	359	641	36
June	1,008	360	648	36
July	1,023	381	642	37
August	1,021	382	639	37
September	1,028	387	641	38
October	1,022	380	642	37
November	1,018	378	640	37
December	1,020	375	645	37

1/ Retail cost of average quantities purchased annually per household in 1960-61 by urban wage-earner and clerical-worker families and single workers living alone, calculated from retail prices collected by the Bureau of Labor Statistics.

2/ Payment to farmers for equivalent quantities of farm products minus imputed value of byproducts obtained in processing.

3/ Preliminary estimates.

Table 2.--The market basket of farm foods: Retail cost, farm value, farm-retail spread, 1964 and 1963

Item	12-month average 1964	12-month average 1963	Change 1964 from 1963: Actual	Change 1964 from 1963: Percentage
	Dollars	Dollars	Dollars	Percent
	Retail cost			
Market basket	1,014.72	1,012.90	1.82	1/
Meat products	280.47	286.35	-5.88	-2
Dairy products	178.92	178.14	.78	1/
Poultry and eggs	84.51	86.09	-1.58	-2
Bakery and cereal products	159.64	159.03	.61	1/
All fruits and vegetables	229.54	222.16	7.38	3
Fats and oils	34.77	35.14	-.37	-1
Miscellaneous products	46.87	45.99	.88	2
	Farm value			
Market basket	373.08	374.44	-1.36	1/
Meat products	134.71	143.06	-8.35	-6
Dairy products	78.64	77.43	1.21	2
Poultry and eggs	47.45	48.84	-1.39	-3
Bakery and cereal products	32.27	32.00	.27	1
All fruits and vegetables	61.21	54.62	6.59	12
Fats and oils	10.27	10.41	-.14	-1
Miscellaneous products	8.53	8.08	.45	6
	Farm-retail spread			
Market basket	641.64	638.46	3.18	1/
Meat products	145.76	143.29	2.47	2
Dairy products	100.28	100.71	-.43	1/
Poultry and eggs	37.06	37.25	-.19	-1
Bakery and cereal products	127.37	127.03	.34	1/
All fruits and vegetables	168.33	167.54	.79	1/
Fats and oils	24.50	24.73	-.23	-1
Miscellaneous products	38.34	37.91	.43	1
	Farmer's share of retail cost			
	Percent	Percent		Percentage point
Market basket	37	37		0
Meat products	48	50		-2
Dairy products	44	43		1
Poultry and eggs	56	57		-1
Bakery and cereal products	20	20		0
All fruits and vegetables	27	25		2
Fats and oils	30	30		0
Miscellaneous products	18	18		0

1/ Less than 0.5 percent.

The after-tax ratio was 2.5 percent in the first 9 months last year and 2.2 percent in January-September 1963. Data are not available for all retail food store corporations. After-tax profits of a group of 14 leading retail food chains for which data are available averaged 1.2 percent of sales in the first 3 quarters last year, the same as during January-September 1963.

Farm Value Stable

The farm value of the market basket did not change significantly from 1963 to 1964. During the past 5 years, the farm value has fluctuated within a narrow range. In 1964, it was 2 percent higher than the postwar low reached in 1956. Since reaching a peak in 1951, the farm value has declined 20 percent.

Changes in farm values of individual products between 1963 and 1964 varied widely. Potatoes, frozen orange juice concentrate, and celery increased 59, 41, and 29 percent, respectively. Increases were offset by more modest declines in farm values of many other products, including beef, frying chickens, and fresh oranges.

The fourth quarter farm value of the market basket was about 2 percent lower than that of the previous quarter. Farm values were lower for all major product groups, except dairy products, processed fruits and vegetables, and fats and oils. The fourth quarter average was 3 percent higher in 1964 than in 1963 (table 18 p. 40).

Slight Rise in Retail Cost

The retail cost of the market basket averaged $1,015 (annual rate) in 1964, compared with $1,013 in the previous year. This was the smallest annual increase since 1959. Annual increases have averaged about $6 per year since 1959, the last year the retail cost declined.

A 3-percent rise in the retail cost of fruits and vegetables accounted for most of the rise in the market basket retail cost in 1964. Small increases occurred for dairy products, bakery and cereal products, and the miscellaneous products group. These were counted by declines in retail costs for meat products, poultry and eggs, and fats and oils.

Farmer's Share Remains at 37 Cents

Farmers received an average of 37 cents of each dollar consumers spent in retail food stores for the farm foods in the market basket in 1964, the same share as in 1963. The farmer's share averaged 39 cents in 1957-59. 2/

Meat Products

The total retail cost for the meat products group declined about 2 percent in 1964, while the farm value declined about 6 percent. The farm-retail spread increased about 2 percent (table 2).

The farm-retail spread for Choice beef widened by about 3 percent from 1963 to 1964, while spreads for lamb and pork each declined about 1 percent. Lower retail prices for beef and lower prices received by farmers for cattle resulted from a 12-percent increase in production of beef in 1964 compared with 1963. Retail prices of pork and prices received by farmers for hogs also declined. Production of pork in 1964 was up 1 percent from 1963. Both prices received by farmers for lambs and the retail price for lamb were higher mainly because of a 7-percent decline in production. (For further discussion of costs and marketing spreads for meat products, see article beginning on p. 12.)

Dairy Products

Retail costs, farm values, and marketing spreads for the dairy products group have

2/ This estimate of the farmer's share does not allow for Government payments to producers, except for the value of wheat marketing certificates beginning in July 1964.

remained at almost the same levels for the past 5 years. In 1964 the retail costs and the spread varied less than 0.5 percent from the 1963 level. However, the farm value increased about 2 percent, causing the farmer's share of the consumer's dollar to increase to 44 cents from 43 cents in 1963. (For further discussion of costs and spreads for dairy products, see the article on p. 22).

Poultry and Eggs

The retail cost of the poultry and eggs group was 2 percent lower in 1964 than in 1963. The farm value also was down 3 percent and the farm-retail spread was down 1 percent from the previous year. The retail price and the farm value of frying chickens dropped for the third consecutive year (table p.). (Prices and marketing spreads for eggs and chickens are considered more fully in an article beginning on p. 16.)

Bakery and Cereal Products

The retail cost, and farm-retail spread for the bakery and cereal products group each increased less than 1 percent from 1963 to 1964. The farm value increased 1 percent. The increase in the farm-retail spread was the smallest in recent years. The retail cost and farm-retail spread were up 8 percent from the 1957-59 average, while the farm value was up 6 percent. When the 1964 Wheat Program went into effect on July 1, 1964, the value of the domestic wheat marketing certificate was added to the market price of wheat in calculating the farm value of wheat products.

The farm value of a 1-pound loaf of white bread averaged 3.3 cents in the last quarter of 1964 (including the value of the domestic wheat marketing certificate). This was the same as in the third quarter, but up 0.2 cent from fourth quarter 1963 and up 0.1 cent from the fourth quarter of 1962. The retail price for a 1-pound loaf averaged 20.9 cents in fourth quarter 1964, up 0.2 cent from both the previous and year-earlier quarters. The farm-retail spread in the final quarter increased to 17.6 cents, up 0.2 cent from the third quarter, but the same as fourth quarter 1963.

The farm value of the wheat only in a 1-pound loaf of white bread increased from an average of 2.4 cents for the first half of 1964 to 2.7 cents (including the value of the domestic wheat marketing certificate) for the second half. The retail price of bread averaged 20.8 cents in the second half of 1964, 0.2 cent more than in the first half.

The farm value for 5 pounds of flour averaged 20.9 cents in the last half of 1964, up from 18.8 cents in the first 6 months of 1964. The retail price averaged 57.4 cents, up 1.3 cents from the previous 6 months. The farm-retail spread averaged 36.4 cents in the last half of 1964 compared with 37.3 cents in the first half.

Fruits and Vegetables

The farm value of the fruits and vegetables group increased 12 percent from 1963 to 1964. The increase chiefly resulted from higher prices paid farmers for potatoes, several truck crops, and oranges for frozen concentrated juice. The rise in the farm value was reflected in a higher retail cost for the group. The farm-retail spread increased less than 1 percent.

The 1964, the farm value for orange juice concentrate averaged 14.5 cents for a 6-ounce can, up 41 percent from a year earlier. Although retail prices have steadily declined since the first quarter of 1964, they averaged 3 percent higher in 1964 than in 1963. The spread decreased from 19.8 cents in 1963 to 16.5 cents last year. These abnormally large changes in the farm value and the spread were a carryover from the orange crop freeze of December 1962. The farm value of oranges for concentrating in 1963 was based on prices received by Florida growers during the 1962-63 season. After the freeze, grower prices lagged behind

the rapidly rising retail prices, as large quantities of freeze-affected oranges were marketed. Prices growers received rose sharply later in the season, but processors bought much of the crop when prices were lower than the year before. The 1963-64 crop was short because of orchard-damage caused by the freeze. Prices received by growers were considerably higher than those received for the 1962-63 crop. The farmer's share for oranges for concentrating averaged 47 cents of the consumer's dollar, up from 34 cents in 1963.

In response to an 11-percent drop in production, the farm value for 10 pounds of potatoes rose to 27.1 cents in 1964 from 17.0 cents a year earlier, a 59 percent increase. Combined production of winter, spring, and early-summer potatoes was off in 1964 because of smaller acreage and lower yields. The fall crop was smaller than in 1963 because of lower yields in nearly all States. Marketing charges increased 3.3 cents to 48.6 cents. The retail price averaged 75.7 cents for the year, up 13.4 cents from 1963. Retail prices of potatoes were highest during the third quarter of 1964, averaging 89.1 cents for 10 pounds. The farm value rose from a low of 16.5 cents in the first quarter to a high for the year of 31.4 cents in the second quarter. It remained at about that level in the third quarter, but declined slightly in the fourth quarter. Charges for marketing potatoes lagged the increase in the farm value by 1 quarter; it stayed at the same level during the first 2 quarters, rose to a high of 57.8 cents in the third quarter, and declined to 47.7 cents in the fourth quarter.

The annual average farm value for potatoes in 1964 was the highest since 1952.

Sugar

The retail price of sugar declined from an average of 65.8 cents per 5 pounds in 1963 to 64.0 cents in 1964 (tables 20 and 21, pp. 42-43). The farm value averaged 23.9 cents in 1964, up 0.9 cent (4 percent) from 1963. It has increased 14 percent since 1962, the last full year before the sugar "crisis." The farm-retail spread declined to 40.1 cents in 1964 from the high of 42.8 cents reached in 1963. The farm value for 1964 was based on prices farmers received for mainland cane and sugar beets, mainly from the 1963 crop but partly from the 1964 crop. The farm value of 23.9 cents did not include Government payments amounting to 3.9 cents. The farm-retail spread included the Government excise tax of 2.7 cents per 5 pounds of refined sugar.

MARKETING SPREADS FOR BEEF, PORK, AND LAMB 1/

In 1964, the second year in a row, sharply increased beef production led to lower beef prices at retail, wholesale, and live levels. The average retail price, wholesale value, and farm value of Choice beef fell last year to their lowest levels since 1957. Beef production in 1964 was up 12 percent from a year earlier.

Retail prices, as usual, decreased less than the farm value of beef cattle. Thus, the farm-retail spread for Choice grade beef continued to widen. The annual average retail price per pound declined to 77.8 cents in 1964, down 3.2 cents from the 1963 average; but the farm value of the equivalent quantity of live beef cattle (2.25 pounds) fell 4.2 cents to 42.4 cents, increasing the farm-retail spread by 1.0 cent (table 3). 2/ This is close to the average annual rate of increase of about 1.0 cent between 1954 and 1963. The farm-retail spread for 1964 was a record 35.4 cents per retail pound. It decreased in the first and third quarters but increased in the second and fourth quarters.

The farm-wholesale spread increased 1.9 cents to a record 11.4 cents in 1964, while the wholesale-retail declined 0.9 cent to 24.0 cents. 3/ These changes were opposite from those in 1963. In that year the overall farm-retail spread increased 2.7 cents from a year earlier; the farm-wholesale spread decreased 0.6 cent; and the wholesale-retail spread increased 3.3 cents.

The farmer's share of the consumer's dollar spent for Choice beef declined to 54 cents in 1964 from 58 cents in 1963. This decrease resulted from the combined effect of an increase in the farm-retail spread and decreasing prices.

Although the farm value declined both in 1963 and 1964, the annual average farm value was 8 percent higher in 1964 than in 1956, when it reached its lowest level in the postwar years. The farm-retail spread, however, was 32 percent larger in 1964 than in 1956, and the retail price was up 18 percent.

Pork

Both the annual average retail price for pork (retail cuts and sausage) and the wholesale value decreased for the second year in a row. The net farm value declined for the third successive year. The retail price of 56.4 cents was 0.9 cent lower than in 1963 and was the lowest since 1956 (table 3). The wholesale value remained fairly constant, dropping 0.3 cent to 40.0 cents in 1964--its lowest since 1959. The farm value of 2 pounds of live hog, the live-weight equivalent of 1 pound of pork at retail, averaged 26.6 cents, down from 27.1 cents in 1963, and was at its lowest level since 1959. Pork production in 1964 was up 1 percent from the similar period of 1963.

The farm-retail spread for pork decreased 0.4 cent from 1963 (table 3). The annual average spread of 29.8 cents was the same in 1964 as in 1962.

1/ Prepared by Duane Hacklander, agricultural economist, Marketing Economics Division, Economic Research Service, USDA.

2/ The farm-retail spread, sometimes called the marketing margin, is the difference between the price per pound the consumer pays for beef, pork, or lamb at retail and net farm value or payment the farmer receives for an equivalent quantity of live animal, less a byproduct allowance. It is a gross return to marketing agencies for transporting, processing, and distributing services required to move live animals from the local market, and to convert them into meat in the retail store.

3/ The wholesale-retail spread is the difference between the retail price per pound and wholesale value of the equivalent wholesale quantity. See footnotes 2 and 3 of table 3 for definitions of equivalent wholesale quantity and farm value.

Table 3.--Beef and pork: Retail price, wholesale value, farm value, farm-retail spread, and farmer's share of retail price, annual 1955-64, by quarters 1963-64*

Year and quarter	Retail price per pound 1/	Wholesale value 2/	Gross farm value 3/	Byproduct allowance 4/	Net farm value 5/	Farm-retail spread: Total	Farm-retail spread: Wholesale-retail	Farm-retail spread: Farm-wholesale	Farmer's share
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Percent
					Beef, (Choice grade)				
1955	67.5	50.8	44.9	3.8	41.1	26.4	16.7	9.7	61
1956	66.0	49.0	42.9	3.8	39.1	26.9	17.0	9.9	59
1957	70.6	52.2	46.5	4.0	42.5	28.1	18.4	9.7	60
1958	81.0	60.3	55.7	4.8	50.9	30.1	20.7	9.4	63
1959	82.8	61.5	56.9	5.4	51.5	31.3	21.3	10.0	62
1960	81.0	58.7	52.7	4.5	48.2	32.8	22.3	10.5	60
1961	79.2	55.8	51.2	4.9	46.3	32.9	23.4	9.5	58
1962	82.4	60.8	55.6	4.9	50.7	31.7	21.6	10.1	62
1963	81.0	56.1	51.1	4.5	46.6	34.4	24.9	9.5	58
1964 6/	77.8	53.8	46.6	4.2	42.4	35.4	24.0	11.4	54
1963									
Jan.-Mar.	84.5	58.2	53.6	4.6	49.0	35.5	26.3	9.2	58
Apr.-June	79.1	54.6	50.1	4.5	45.6	33.5	24.5	9.0	58
July-Sept.	80.4	57.4	52.3	4.5	47.8	32.6	23.0	9.6	59
Oct.-Dec.	80.0	54.2	48.3	4.3	44.0	36.0	25.8	10.2	55
1964 6/									
Jan.-Mar.	77.5	52.6	47.1	4.1	43.0	34.5	24.9	9.6	55
Apr.-June	76.0	51.1	44.5	4.3	40.2	35.8	24.9	10.9	53
July-Sept.	78.5	56.4	48.1	4.3	43.8	34.7	22.1	12.6	56
Oct.-Dec.	79.3	54.9	46.9	4.2	42.7	36.6	24.4	12.2	54
					Pork, (retail cuts and sausage)				
1955	54.1	40.8	31.4	3.7	27.7	26.4	13.3	13.1	51
1956	51.9	38.5	29.4	3.7	25.7	26.2	13.4	12.8	50
1957	60.0	45.1	36.0	4.3	31.7	28.3	14.9	13.4	53
1958	64.5	49.4	39.9	4.5	35.4	29.1	15.1	14.0	55
1959	56.9	39.7	28.9	3.1	25.8	31.1	17.2	13.9	45
1960	56.5	41.5	31.3	3.4	27.9	28.6	15.0	13.6	49
1961	59.0	42.5	33.8	3.9	29.9	29.1	16.5	12.6	51
1962	59.3	42.8	33.1	3.7	29.5	29.8	16.5	13.3	50
1963	57.3	40.3	30.5	3.4	27.1	30.2	17.0	13.2	47
1964 6/	56.4	40.0	30.2	3.6	26.6	29.8	16.4	13.4	47
1963									
Jan.-Mar.	57.5	39.3	29.4	3.4	26.0	31.5	18.2	13.3	45
Apr.-June	55.3	39.0	29.9	3.4	26.5	28.8	16.3	12.5	48
July-Sept.	59.4	43.3	33.7	3.5	30.2	29.2	16.1	13.1	51
Oct.-Dec.	56.8	39.7	29.1	3.3	25.8	31.0	17.1	13.9	45
1964 6/									
Jan.-Mar.	55.6	38.9	28.8	3.4	25.4	30.2	16.7	13.5	46
Apr.-June	54.8	38.7	29.7	3.9	25.8	29.0	16.1	12.9	47
July-Sept.	57.9	42.9	32.8	3.6	29.2	28.7	15.0	13.7	50
Oct.-Dec.	57.1	39.7	29.7	3.8	25.9	31.2	17.4	13.8	45

1/ Estimated weighted average price of retail cuts.
2/ Beef: Wholesale value of quantity of carcass equivalent to 1 pound of retail cuts--equivalent quantity gradually increased from 1.28 pound for 1955 to 1.35 pound for 1963 and later years; pork: Wholesale value of 1 pound of retail cuts.
3/ Payment to farmer for quantity of live animal equivalent to 1 pound of retail cuts: Beef, equivalent quantity increased from 2.13 pounds for 1955 to 2.25 pounds for 1963 and later years; pork, 2.0 pounds.
4/ Portion of gross farm value attributed to edible and inedible byproducts.
5/ Gross farm value minus byproducts allowance.
6/ Preliminary.

* Revised data-not comparable with data previously published.

The 2 segments of the farm-retail spread reacted as they did for beef. The farm-wholesale spread increased 0.2 cent above 1963, while the wholesale-retail spread decreased 0.6 cent. As in the beef price movements, the opposite reaction occurred between 1962 and 1963. The farm-wholesale spread of 13.4 cents in 1964 was the highest since 1960, while the wholesale-retail spread of 16.4 cents was the lowest since 1960.

The farmer's share of the consumer's dollar spent on pork remained the same in 1964 as in 1963--at 47 cents.

Lamb

Unlike those for beef and pork, the retail price, wholesale value, and net farm value for lamb increased in 1964 (table 4). Lamb and mutton production was down 7 percent from 1963. The retail price increased 2.7 cents to 74.0 cents per retail pound, while the net farm value increased 2.9 cents to 39.5 cents, the third highest farm value in the past 10 years. The wholesale value increased 3.8 cents to 52.5 cents.

The farm-retail spread decreased 0.2 cent to 34.5 in 1964 because of the greater increase in the farm value than in the retail price. The wholesale-retail segments of the spread decreased 1.1 cents, but the farm-wholesale segment increased 0.9 cent.

The farmer's share of the consumer's dollar spent on lamb increased to 53 cents in 1964 from 51 cents in 1963.

During the past 10 years, lamb and mutton production fluctuated significantly from year to year. The farm value and retail price of lamb fluctuated inversely with production, although the farm value showed no upward or downward trend. The farm-retail spread, however, trended definitely upward. Most of the increase in the farm-retail spread occurred in the wholesale-retail segment. The farm-wholesale segment increased only slightly.

Table 4 .--Lamb: Retail price, wholesale value, farm value, farm-retail spread, and farmer's share of retail price, annual 1955-1964, by quarters, 1963-1964

Year and quarter	Retail price per pound 1/	Wholesale value 2/	Gross farm value 3/	Byproduct allowance 4/	Net farm value 5/	Farm-retail spread: Total	Farm-retail spread: Wholesale-retail	Farm-retail spread: Farm-wholesale	Farmer's share
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Percent
1955	62.9	48.1	43.4	6.9	36.5	26.4	14.8	11.6	58
1956	63.6	48.7	43.7	6.9	36.8	26.8	14.9	11.9	58
1957	67.3	51.3	46.8	7.2	39.6	27.7	16.0	11.7	59
1958	73.3	55.6	49.2	5.9	43.3	30.0	17.7	12.3	59
1959	69.4	50.5	44.2	6.6	37.6	31.8	18.9	12.9	54
1960	68.5	49.2	42.7	5.9	36.8	31.7	19.3	12.4	54
1961	64.7	44.8	37.4	5.0	32.4	32.3	19.9	12.4	50
1962	69.5	48.9	41.7	6.2	35.5	34.0	20.6	13.4	51
1963	71.3	48.7	42.9	6.3	36.6	34.7	22.6	12.1	51
1964 6/	74.0	52.5	46.6	7.1	39.5	34.5	21.5	13.0	53
1963									
Jan.-Mar.	71.0	45.9	41.9	6.6	35.3	35.7	25.1	10.6	50
Apr.-June	71.7	51.7	44.7	5.9	38.8	32.9	20.0	12.9	54
July-Sept.	71.8	50.1	43.8	5.8	38.0	33.8	21.7	12.1	53
Oct.-Dec.	70.7	47.0	41.2	7.0	34.2	36.5	23.7	12.8	48
1964 6/									
Jan.-Mar.	71.9	47.7	44.0	7.0	37.0	34.9	24.2	10.7	51
Apr.-June	72.0	54.1	47.8	7.3	40.5	31.5	17.9	13.6	56
July-Sept.	75.7	56.3	48.7	6.6	42.1	33.6	19.4	14.2	56
Oct.-Dec.	76.3	51.8	45.8	7.4	38.4	37.9	24.5	13.4	50

1/ Estimated weighted average price of retail cuts from Choice grade carcass.
2/ Wholesale value of 1.14 lb. of carcass lamb, the quantity equivalent to 1 lb. of retail cuts.
3/ Payment to farmer for quantity of live lamb equivalent to 1 lb. of retail cuts. The farm-product equivalent varies by months as follows: Jan., 2.34 lb.; Feb., 2.35 lb.; Mar., 2.35 lb.; Apr., 2.33 lb.; May, 2.33 lb.; June, 2.34 lb.; July, 2.36 lb.; Aug., 2.37 lb.; Sept., 2.37 lb.; Oct., 2.38 lb.; Nov., 2.37 lb.; Dec., 2.35 lb.
4/ Portion of gross farm value attributed to edible and inedible byproducts.
5/ Gross farm value minus byproduct allowance.
6/ Preliminary.

MARKETING SPREADS FOR EGGS, FRYING CHICKENS, AND TURKEYS IN SELECTED CITIES OF THE UNITED STATES 1/

Large Eggs

Farm-retail spreads.--Generally farm-retail spreads were narrower on large eggs of Grade A or better quality in 11 major cities in the United States in 1964 than in 1963. The 11-city average was 22.7 cents a dozen in 1964--0.3 cent less than in 1963 (table 5). All of this decrease was due to smaller farm-retailer spreads, since the retail store spread increased. Prices at all market levels averaged less in 1964 than in 1963. The biggest decrease was in prices to retailers.

Six of the 11 cities had narrower gross spreads on large eggs in 1964 than in 1963; 4 cities had wider spreads. New York had no change. San Francisco had the biggest decrease--2.4 cents. Los Angeles had the biggest increase--0.9 cent a dozen. San Francisco had the narrowest farm-retail spread among the 11 cities, and Cleveland had the widest.

Retail store spreads.--Retail store spreads on large eggs averaged 0.2 cent a dozen more for large eggs in 1964 than in 1963. They widened in 5 cities; narrowed in 5, and did not change in Washington, D.C. Chicago had the biggest increase--1.2 cents a dozen, while the biggest decrease was in San Francisco--1.6 cents.

Farm-retailer spreads.--The 11-city average of farm-retailer spreads narrowed 0.5 cent a dozen in 1964 from a year earlier. These spreads narrowed in 8 cities and widened in 3. The biggest decrease was in Baltimore--1.6 cents, while St. Louis had the biggest increase--0.7 cent. This spread is the difference between prices paid by retailers and prices received by farmers.

Prices.--Prices of large eggs of Grade A or better quality retailed in the 11 large cities averaged less at all market levels in 1964 than in 1963 (table 5).

The decline in egg prices from 1963 to 1964 accompanied an increase of 2.2 percent in egg production. This increase was greater than the 1.4 percent increase in U.S. population. An important factor that influenced the relatively small decline in prices was the increased movement of eggs into further-processed uses. Liquid-egg production in 1964 was equivalent to 16.7 million cases shell eggs--12 percent above the year-earlier. Government purchases of dried eggs in 1964 amounted to nearly 1.5 million cases (shell equivalent)--about 88 percent more than in 1963. 2/

Farmer's share.--The farmer's share of the retail price for large eggs in the 11 cities averaged 58.3 percent in 1964--the same as in 1963.

Medium Eggs

Eleven-city averages of prices for medium-size eggs of Grade A or better quality declined from 1963 to 1964. Retail store spreads increased sufficiently to result in net increase of 0.2 cent a dozen in the farm-retail spread.

Frying Chickens

Farm-retail spreads.--In the 11 major cities farm-retail spreads on ready-to-cook, Grade A frying chickens averaged 19.9 cents a pound in 1964, the same as in 1963 (table 6). This stability resulted from an increase in the farm-retailer spread offsetting a decrease in the retail store spread.

1/ Prepared by Leo Gray, agricultural economist, Marketing Economics Division, Economic Research Service, USDA.

2/ Poultry and Egg Situation, ERS, U.S. Dept. Agr., PES-234, November 1964, p. 13.

Table 5.--Eggs, Grade A or better quality, large and medium size: Price per dozen and price spreads at various market levels, and farmer's share of the retail price, 11-city average 1962-64, and selected cities 1964

Size of egg, year, and city	Price spreads					Prices				Farm Share
	Farm-retail	Retail store	Farm-retailer spread			Retail	To retailer	To city receiver	Farm 1/	
			Total	Receiver-retailer	Farmer-receiver					
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Large eggs:										
11-city average 2/:										
1964	3/22.7	3/9.2	13.5	4/	4/	3/54.4	45.2	4/	31.7	58.3
1963	5/23.0	5/9.0	5/14.0	4/	4/	5/55.1	46.1	4/	5/32.1	58.3
1962	5/23.3	5/9.0	5/14.3	4/	4/	5/54.4	45.4	4/	5/31.1	57.2
Individual cities, 1964										
Boston	23.2	12.6	10.6	4/	4/	59.4	46.8	4/	36.2	60.9
New York	26.1	13.9	12.2	7.2	5.0	58.3	44.4	37.2	32.2	55.2
Baltimore	3/25.4	3/8.5	16.9	10.5	6.4	3/56.2	47.7	37.2	30.8	54.8
Washington, D.C.	24.6	9.1	15.5	9.3	6.2	57.8	48.7	39.4	33.2	57.4
Atlanta	21.3	10.7	10.6	4/	4/	53.6	42.9	4/	32.3	60.3
Cleveland	26.3	9.8	16.5	8.5	8.0	55.9	46.1	37.6	29.6	53.0
Chicago	25.1	6.9	18.2	11.1	7.1	51.8	44.9	33.8	26.7	51.5
St. Louis	20.0	8.5	11.5	9.5	2.0	51.8	43.3	33.8	31.8	61.4
Los Angeles	20.6	9.6	11.0	4.0	7.0	50.9	41.3	37.3	6/30.3	59.5
San Francisco	17.1	4.8	12.3	5.8	6.5	49.6	44.8	39.0	32.5	65.5
Seattle	20.2	6.0	14.2	4/	4/	52.8	46.8	4/	32.6	61.7
Denver	22.4	7.2	15.2	9.0	6.2	53.7	46.5	37.5	31.3	58.3
Medium eggs:										
11-city average 2/:										
1964	3/22.1	3/8.6	13.5	4/	4/	3/47.3	38.7	4/	25.2	53.3
1963	5/21.9	5/7.9	5/14.0	4/	4/	5/47.9	40.0	4/	5/26.0	54.3
1962	5/22.3	5/8.1	5/14.2	4/	4/	5/47.1	39.0	4/	5/24.8	52.7
Individual cities, 1964										
Boston	21.7	11.5	10.2	4/	4/	57.1	40.2	4/	30.0	58.0
New York	22.9	11.7	11.2	6.5	4.7	48.1	36.4	29.9	25.2	52.4
Baltimore	3/24.5	3/7.3	17.2	10.3	6.9	3/47.7	40.4	30.1	23.2	48.6
Washington, D.C.	24.5	8.8	15.7	8.9	6.8	49.7	40.9	32.0	25.2	50.7
Atlanta	20.5	10.5	10.0	4/	4/	47.1	36.6	4/	26.6	56.5
Cleveland	24.4	8.5	15.9	8.5	7.4	47.6	39.1	30.6	23.2	48.7
Chicago	24.4	6.9	17.5	9.1	8.4	44.9	38.0	28.9	20.5	45.7
St. Louis	3/19.8	3/7.6	12.2	10.2	2.0	3/46.6	39.0	28.8	26.8	57.5
Los Angeles	20.5	9.0	11.5	4.3	7.2	45.1	36.1	31.8	6/24.6	54.5
San Francisco	18.5	5.7	12.8	5.8	7.0	45.5	39.8	34.0	27.0	59.3
Seattle	3/21.5	3/7.0	14.5	4/	4/	3/46.4	39.4	4/	24.9	53.7
Denver	4/	4/	13.6	5.0	8.6	4/	36.9	31.9	23.3	4/

1/ Farm prices are weighted averages computed from prices reported in major commercial egg-producing areas supplying the designated cities.
2/ Excludes Denver
3/ Estimated annual price based on data for less than 12 months.
4/ Insufficient data.
5/ Revised.
6/ Farm prices were derived from prices to retailers for eggs (at the top of Grade A), f.o.b. distributor's plant, Los Angeles, as reported by the Federal-State Market News Service. Farm prices from 1960 through 1963 were revised by adjusting downward from a Grade AA to a Grade A base -- a difference of about 5 cents a dozen.

Retail prices were compiled from data collected by the Bureau of Labor Statistics. Prices at other market levels were compiled, generally, from data collected by Federal and State Market News Services.

Table 6.--Frying chickens: Prices per pound (ready-to-cook basis) and price spreads at various market levels, and farmer's share of the retail price, 11-city average 1962-64, and selected cities, 1964

Year and city	Price spreads: Farm-retail	Price spreads: Retail store	Farm-retailer spread: Total	Farm-retailer spread: Receiver-retailer	Farm-retailer spread: Farm-receiver	Prices: Retail	Prices: To retailer	Prices: To city receiver	Prices: Farm value 1/	Farm share
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Percent
11-city average 2/										
1964	3/19.9	10.8	9.1	4/	4/	3/39.5	28.7	4/	19.6	49.6
1963	5/19.9	4/10.9	9.0	4/	4/	5/40.3	29.4	4/	20.4	50.6
1962	5/19.4	4/10.3	9.1	4/	4/	5/40.9	30.6	4/	21.5	52.6
Individual cities, 1964										
Boston	20.3	13.7	6.6	1.2	5.4	41.3	27.6	26.4	21.0	50.8
New York	20.1	11.9	8.2	3.2	5.0	40.1	28.2	25.0	20.0	49.9
Baltimore	3/18.4	3/10.0	8.4	2.7	5.7	3/38.5	28.5	25.8	20.1	52.2
Washington, D.C.	17.7	8.7	9.0	2.6	6.4	36.9	28.2	25.6	19.2	52.0
Atlanta	18.0	9.5	8.5	---	---	36.0	26.5	---	18.0	50.0
Cleveland	17.3	9.3	8.0	2.1	5.9	36.2	26.9	24.8	18.9	52.2
Chicago	18.8	9.0	9.8	3.0	6.8	36.8	27.8	24.8	18.0	48.9
St. Louis	18.8	9.8	9.0	2.3	6.7	36.9	27.1	24.8	18.1	49.1
Los Angeles	21.7	10.4	11.3	4.6	6.7	41.1	30.7	26.1	19.4	47.2
San Francisco	23.2	10.5	12.7	5.9	6.8	43.3	32.8	26.9	20.1	46.4
Seattle	24.2	15.7	8.5	---	---	47.0	31.3	---	22.8	48.5
Denver	21.0	12.2	8.8	1.2	7.6	39.2	27.0	25.8	18.2	46.4

1/ Farm value is the return received by farmers for the quantity of live frying chicken or broiler equivalent to 1 pound of ready-to-cook frying chicken. These values were weighted averaged computed from prices reported in major commercial broiler producing areas supplying the designated cities.
2/ Excludes Denver.
3/ Estimated annual price based on data for less than 12 months.
4/ Insufficient data.
5/ Revised

Retail prices were compiled from data collected by the Bureau of Labor Statistics. Prices at other market levels were compiled, generally, from data collected by Federal and State Market News Services.

Seven of the 11 cities had wider farm-retail spreads, and 4 had narrower spreads in 1964 than in the previous year. The biggest increase was in Baltimore--2.4 cents, while Seattle had the biggest decrease--1.6 cents. Seattle had the widest farm-retail spread on frying chickens among the 11 cities in 1964, while Cleveland had the narrowest.

Retail store spreads.--Retail store spreads on frying chickens in 11 cities averaged 10.8 cents a pound in 1964--0.1 cent less than in 1963. These spreads widened in 5 of the 11 cities, narrowed in 5 and did not change in Cleveland from 1963 to 1964. Baltimore had the largest increase in retail store spreads--1.8 cents and Los Angeles and San Francisco had the largest decrease--1.3 cents.

Seattle had the widest retail store spread among the 11 cities in 1964. The narrowest spread was in Washington, D. C.

Farm-retailer spreads.--Farm-retailer spreads for frying chickens for the 11 cities averaged 9.1 cents a pound in 1964--0.1 cent more than a year ago. This spread narrowed from 1963 to 1964 in 2 cities, but widened in 8, and remained the same in New York. The greatest decline occurred in Seattle--1.9 cents a pound, while St. Louis had the greatest increase--0.7 cent. San Francisco had the widest farm-retailer spread among the 11 cities; Boston had the narrowest.

Prices.--Prices for frying chickens at all market levels in the 11 cities in 1964 were nearly 1.0 cent below 1963 levels, and nearly 2.0 cents below 1962 levels. Seattle generally had the highest prices among the 11 cities in 1964; prices in Atlanta continued to be among the lowest.

Lower prices for frying chickens resulted largely from increased supplies available for the domestic market from year-ago levels, and from greater competition from red meats. The increased supplies were the net result of a year-to-year increase in production--5 percent in January through November--coupled with broiler exports of about 102 million pounds--1 percent below the 1963 period. USDA purchases for the School Lunch Program in 1964 were 3.7 percent larger than in 1963, and helped keep prices from decreasing more. The increase in production exceeded the year-to-year increase in population, and the civilian per-capita consumption of frying chickens was estimated at 27.3 pounds in 1964 0.3 pound over 1963, and the highest yet recorded.

Farmer's share.--The farmer's share of the retail price of frying chickens in the 11 cities averaged 49.6 percent in 1964--1.0 percentage point lower than in 1963.

Medium Turkeys

Farm-retail spreads.--Ready-to-cook medium-size turkeys in 5 major U.S. cities had farm-retail spreads that averaged 20.6 cents a pound in October-December 1964 (table 7). These spreads averaged 1.9 cents wider than in 1963, mostly because of wider retail store spreads. The 5 cities were Boston, New York, Chicago, St. Louis, and Los Angeles. Farm-retail spreads increased from 1963 to 1964 in each of the 5 cities; the biggest increase was in Boston--5.9 cents a pound.

Farm-retail spreads among the 5 cities were widest in New York--24.5 cents; St. Louis had the narrowest--18.5 cents.

Retail store spreads.--The 5-city average of retail store spreads during October-December 1964 was 10.1 cents a pound, 1.3 cents wider than a year earlier. Retail store spreads in Boston widened 4.7 cents a pound from 1963 to 1964--more than those in any of the other cities.

Farm-retailer spreads.--Farm-retailer spreads in the 5 cities averaged 10.5 cents a pound in 1964--0.6 cent a pound wider than in 1963. The biggest increase occurred in Chicago--2.3 cents.

Prices.--The 5-city average of prices in October-December for medium turkeys declined at all market levels from 1963 to 1964.

Table 7.--Turkeys, medium and large, Grade A or best quality: Price spreads and prices per pound, ready-to-cook basis, at various market levels, and farmer's share of the retail price, October - December averages for 5 cities in 1960-64, and for selected cities in 1964

Size of turkey year and city 1/	Price spreads		Farm-retailer spread			Prices				
	Farm-retail	Retail store	Total	Receiver-retailer	Farm-receiver	Retail	To re-tailer	To city receiver	Farm value 2/	Farm share
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Percent
Medium turkeys:										
5-city average 3/										
1964	4/20.6	10.1	4/10.5	2.4	4/8.1	47.0	36.9	34.5	4/26.4	4/56.2
1963	5/18.7	5/8.8	9.9	4/2.6	4/7.3	5/48.4	39.6	4/37.0	29.7	5/61.4
1962	5/18.1	5/8.1	10.0	2.7	7.3	5/47.7	39.6	36.9	29.6	5/62.1
1961	5/22.7	5/10.4	12.3	2.6	9.7	5/44.8	34.4	31.8	22.1	5/49.3
1960	5/18.2	5/8.9	9.3	2.6	6.7	5/54.4	45.5	42.9	36.2	5/66.5
Individual cities, 1964										
Boston	22.1	12.3	9.8	2.2	7.6	48.0	35.7	33.5	25.9	54.0
New York	24.5	12.2	12.3	1.2	11.1	50.6	38.4	37.2	26.1	51.6
Chicago	18.8	6.0	12.8	4.2	8.6	44.6	38.6	34.4	25.8	57.8
St. Louis	18.5	8.0	10.5	2.8	7.7	44.3	36.3	33.5	25.8	58.2
Los Angeles	4/21.1	11.8	4/9.3	1.6	4/7.7	47.5	35.7	34.1	4/26.4	4/55.6
Baltimore	19.6	9.0	10.6	2.5	8.1	45.7	36.7	34.2	26.1	57.1
Washington, D.C.	21.8	10.7	11.1	3.0	8.1	48.1	37.4	34.4	26.3	54.7
Atlanta	19.6	7.4	12.2	3.1	9.1	45.7	38.3	35.2	26.1	57.1
Cleveland	20.6	10.1	10.5	2.1	8.4	46.6	36.5	34.4	26.0	55.8
San Francisco	4/22.1	8.8	4/13.3	4.6	4/8.7	48.5	39.7	35.1	4/26.4	4/54.4
Seattle	4/18.9	6.1	4/12.8	6/	6/	45.3	39.2	6/	4/26.4	4/58.3
Denver	20.1	10.9	9.2	2.2	7.0	46.0	35.1	32.9	25.9	56.3
Large turkeys:										
5-city average 3/										
1964	4/19.1	4/7.1	12.0	2.2	9.8	4/43.1	36.0	33.8	24.0	4/55.7
1963	5/18.3	5/7.4	10.9	2.5	8.4	5/44.8	37.4	34.9	26.5	5/59.2
1962	5/18.6	5/7.0	11.6	2.8	8.8	5/44.1	37.1	34.3	25.5	5/57.8
1961	5/22.5	5/8.4	14.1	2.3	11.8	5/41.6	33.2	30.9	19.1	5/45.9
1960	5/21.5	5/9.8	11.7	2.7	9.0	5/51.9	42.1	39.4	30.4	5/58.6
Individual cities, 1964										
Boston	20.4	7.3	13.1	2.1	11.0	44.3	37.0	34.9	23.9	54.0
New York	21.0	8.1	12.9	1.1	11.8	45.1	37.0	35.9	24.1	53.4
Chicago	17.8	4.7	13.1	4.0	9.1	41.7	37.0	33.0	23.9	57.3
St. Louis	17.3	6.5	10.8	1.8	9.0	41.1	34.6	32.8	23.8	57.9
Los Angeles	4/19.3	4/8.9	10.4	2.0	8.4	4/43.5	34.6	32.6	24.2	4/55.6
Baltimore	4/20.8	4/7.2	13.6	2.4	11.2	4/44.9	37.7	35.3	24.1	4/53.7
Washington, D.C.	4/20.0	4/7.3	12.7	3.3	9.4	4/44.4	37.1	33.8	24.4	4/55.0
Atlanta	6/	6/	13.6	3.8	9.8	6/	37.9	34.1	24.3	6/
Cleveland	4/20.0	4/9.8	10.2	1.0	9.2	4/44.0	34.2	33.2	24.0	4/54.5
San Francisco	21.5	6.4	15.1	3.9	11.2	45.7	39.3	35.4	24.2	53.0
Seattle	18.4	3.9	14.5	6/	6/	42.6	38.7	6/	24.2	56.8
Denver	4/20.8	4/10.8	10.0	1.7	8.3	4/44.7	33.9	32.2	23.9	4/53.5

1/ Turkey size weight ranges are: Medium--8 to 16 pounds; large--more than 16 pounds.
2/ Farm value is payment received by producers for the quantity of live turkey equivalent to 1 pound of ready-to-cook turkey. These values are weighted averages computed from prices reported in major commercial turkey-producing areas supplying the designated cities.
3/ 5-city average includes: Boston, New York, Chicago, St. Louis, and Los Angeles.
4/ Estimated from data for less than 3 months.
5/ Revised.
6/ Retail prices are compiled from data collected by the Bureau of Labor Statistics. Prices at the other market levels are compiled, generally, from data collected by Federal and State Market News Services.

Some major factors contributing to the decline in medium turkey prices from 1963 to 1964 were: (1) The number of heavy-breed turkeys raised increased by 4 million from 1963 to 1964. Commercial slaughter of young turkeys in January-November 1964 was about 10 percent larger than in the same period 1963, and (2) first-of-the month storage stocks of turkeys in January-October averaged about 2 percent greater in 1964 than in 1963. These stocks averaged 5 percent above 1963 levels for the period January through August in 1964, but averaged 6 percent below 1963 levels in September and October.

In contrast, some offsetting factors tending to shore up prices in 1964 were: (1) USDA purchases of turkey were nearly 61 million pounds--about 40 percent more than in 1963; (2) exports in January-November 1964 totaled nearly 39 million pounds--nearly one-third more than in the same period of 1963, and (3) civilian per capita disappearance was about 7.2 pounds in 1964--0.5 pound more than in 1963.

Farmer's share.--The farmer's share of the retail price for medium turkeys in the 5 cities averaged 56.2 percent in 1964--5.2 percentage points less than in 1963.

Large Turkeys

Farm-retail spreads for large turkeys in the 5 cities averaged 19.1 cents a pound in October-December 1964, an increase of 0.8 cent from 1963. This increase was due entirely to the increase in farm-retailer spread, since the retail store spread narrowed. Prices at all levels and the farmer's share of the retail price declined from 1963 to 1964.

MARKETING SPREADS FOR DAIRY PRODUCTS 1/

Retail prices and farm-retail spreads for the principal dairy products changed little from 1963 to 1964. The farm values of these products increased slightly. 2/ Prices and farm-retail spreads for these products have been relatively stable in recent years.

Fresh Milk

Prices of milk sold in retail stores in U.S. urban areas averaged 47.7 cents per half gallon in 1964, 0.1 cent more than in 1963 (table 8). Prices of milk delivered to homes rose to 52.8 cents per half gallon from 52.4 in 1963. The farm value, which is the same for milk sold in both ways, averaged 21.7 cents last year, 0.2 cent more than in 1963. Thus, the farm-retail spread decreased 0.1 cent for store milk but increased 0.2 cent for home delivered milk.

Numerous changes occurred during the 1954-64 period. The farm value varied from 20.9 cents in 1955 to 22.1 cents in 1957, 1960, and 1961. In recent years it has averaged a little higher than in the mid-1950's. Until 1962, however, decreases in the farm value were not accompanied by reductions in retail prices. In that year, prices of both retail store and home-delivered milk declined along with the farm value. Both retail prices and the farm value again declined slightly in 1963. In 1961, the prices of store milk declined 0.1 cent, although the farm value did not change. This was the first decrease in the annual average retail prices of milk during 1954-64.

The annual average farm-retail spread for fresh milk sold in retail stores increased each year from 1954 to 1961; for milk delivered to homes, it increased until 1963, when it did not change. From 1954 to 1964, the farm-retail spread increased 19 percent for retail-store milk and 22 percent for home-delivered milk.

Various factors contributed to the greater increase in the retail price and marketing spread for home-delivered milk than for milk sold in retail stores. One factor is that a higher degree of competition frequently exists among milk distributors for sales to retail stores than for sales directly to consumers. Stores are better informed about alternative sources of supply than are home-delivery customers. Hence, competitive discounts to stores from list prices for milk are common. Increased sales per store have brought economies of scale. In some markets, changes in distribution practices have brought about reductions in costs of delivering milk to stores. There have been fewer cost-reducing charges in delivering milk to homes than in store distribution. The volume of milk delivered to homes has declined, but overhead has not declined proportionately.

Milk distributors' costs.--Operating cost for a group of 70 firms distributing fresh milk increased to $4.71 per 100 pounds of milk and cream processed in 1964 (average for first half of year) from $4.35 in 1954 (figure 1). 3/ Two-thirds of this increase resulted from rises in salaries, wages, and commissions--costs that accounted for about half of total operating costs in each year. Several other expense items, however, increased

1/ Prepared by Alois F. Wolf, agricultural economist, Marketing Economics Division, Economic Research Service, USDA.

2/ The farm value is the return to farmers for the farm products equivalent to the product sold at retail. The farm-retail spread is the difference between the farm value and the retail price. It is the total charge made by the marketing firms for assembling raw products and processing, transporting, and distributing dairy products.

3/ All data for 1964 are preliminary estimates based on data for first half of the year.

Table 8.--Milk, fresh: Retail price, farm value, farm-retail spread, and farmer's share of retail price, 1954-64

Year	Retail price per ½ gallon: Home delivered	Retail price per ½ gallon: Sold in retail stores	Farm value 1/	Farm-retail spread: Home delivered	Farm-retail spread: Sold in retail stores	Farmer's share: Home delivered	Farmer's share: Sold in retail stores
	Cents	Cents	Cents	Cents	Cents	Percent	Percent
1954	46.4	42.9	21.0	25.4	21.9	45	49
1955	46.6	42.9	20.9	25.7	22.0	45	49
1956	48.9	44.3	21.6	27.3	22.7	44	49
1957	50.4	45.9	22.1	28.3	23.8	44	48
1958	51.0	46.7	21.8	29.2	24.9	43	47
1959	51.1	47.2	21.8	29.3	25.4	43	46
1960	52.4	48.3	22.1	30.3	26.2	42	46
1961	52.9	48.2	22.1	30.8	26.1	42	46
1962	52.6	47.8	21.7	30.9	26.1	41	45
1963	52.4	47.6	21.5	30.9	26.1	41	45
1964 2/	52.8	47.7	21.7	31.1	26.0	41	45

1/ Payment to farmer for 4.39 pounds of Class I milk.
2/ Preliminary.

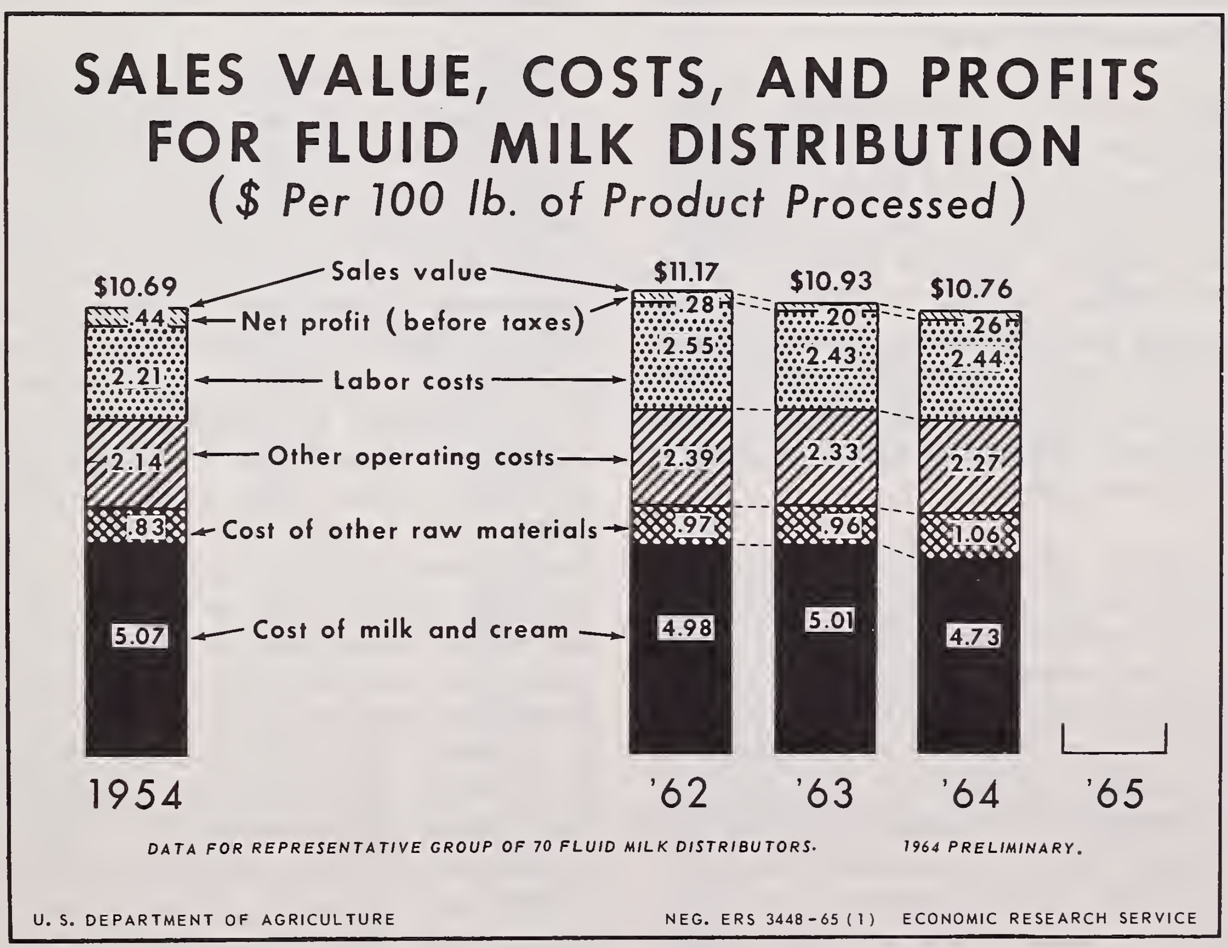

Figure 1

by a larger percentage than payroll costs. Costs of insurance were up 67 percent. The total cost of repairs, rent and depreciation was up 16 percent. Costs of containers, the second most important cost item, rose 8 percent per 100 pounds of milk and cream processed.

Raw material costs of these firms decreased to $5.79 per 100 pounds of milk and cream processed in 1964 from $5.90 in 1954, partially offsetting the increase in operating costs. Costs increased more than receipts, however, so net profits declined per 100 pounds of milk and cream processed.

American Processed Cheese

Retail prices of American processed cheese averaged a record 63.8 cents per pound in 1964, up 0.7 cent (1 percent) from 1963 (table 9). The farm value increased 0.6 cent to 30.2 cents, so the farm-retail spread increased slightly. An increase of 0.4 cent in the wholesale-retail segment of the farm-retail spread was about offset by a decrease in the farm-wholesale segment.

The retail price of American processed cheese increased each year from 1954 to 1961. Since 1961, it has been relatively stable. It averaged about 7.8 cents (14 percent) higher in 1964 than in 1954. During the same period the farm value rose 2.4 cents and the farm-retail spread increased 5.4 cents. The farm-wholesale segment of the spread widened 2.9 cents (33 percent) and wholesale-retail segment, 2.5 cents (13 percent).

Retail prices of American processed cheese increased by a greater percentage than those of butter and evaporated milk (table 9). The greater increase may have resulted partly from strengthening demand for cheese. Per capita consumption of American cheese, including both that in natural and processed forms, (on a natural cheese weight basis) increased from 5.5 pounds in 1954 to 6.2 pounds in 1964, in contrast to decreases in per capita consumption of butter and evaporated milk. (Data for American processed cheese separately are not available.)

Butter

The retail price of butter averaged 74.4 cents per pound last year, 0.8 cent more than in 1963. The farm value increased 0.8 cent to 53.0 cents, so the farm-retail spread did not change. The farm-wholesale segment decreased, and the wholesale-retail segment increased.

During the 1954-64 period, the farm value of butter varied from 50.9 cents in 1955 to 54.5 cents in 1961. No upward or downward trend was evident. The farm-retail spread, however, trended upward and averaged 15 percent higher in 1962-64 than in 1954-56. This increase resulted entirely from a widening of the wholesale-retail segment; the farm-wholesale segment decreased substantially. These reductions probably resulted mainly from economies in processing. The retail price also averaged higher in the later years of the period than in the earlier years.

The farm value of butter increased by a much smaller percentage from 1954 to 1964 than the farm values of American cheese and evaporated milk, although prices farmers received for milk used in each of these products increased by about the same percentage. There are 2 reasons for the smaller increase in the farm value of butter: (1) The farm value of butter is a weighted average of the farm values of butter made from farm-separated milk and that made from creamery-separated milk. The proportion of butter made from farm-separated cream has decreased sharply during the past 25 years or so, but about one-sixth of the creamery butter produced in this country still is made from farm-separated milk. Prices received by farmers for cream averaged 58.8 cents per pound of butterfat in 1964, down 0.1 cent from the average for 1954. (2) More significantly, the imputed value of the fat component of milk, from which butter is made, did not increase by as large a percentage as the value of the nonfat

Table 9.--Retail and wholesale prices of principal manufactured dairy products, farm values, marketing spreads, and farmer's share of retail prices, 1954-64

Year	Average retail price per pound	Processed loaf, wholesale price per pound, Chicago	Farm value of equivalent quantity of milk	Farm-retail spread: Total	Farm-retail spread: Wholesale-retail	Farm-retail spread: Farm-wholesale	Farmer's share
	American processed cheese						
	Cents	Cents	Cents	Cents	Cents	Cents	Percent
1954	56.0	36.5	27.8	28.2	19.5	8.7	50
1955	56.1	36.4	27.8	28.3	19.7	8.6	50
1956	56.3	36.3	28.6	27.7	20.0	7.7	51
1957	56.7	36.5	28.8	27.9	20.2	7.7	51
1958	57.1	36.0	28.2	28.9	21.1	7.8	49
1959	57.3	36.7	28.2	29.1	20.6	8.5	49
1960	59.6	39.6	29.8	29.8	20.0	9.8	50
1961	63.3	39.6	30.2	33.1	23.7	9.4	48
1962	62.9	38.4	29.0	33.9	24.5	9.4	46
1963	63.1	41.5	29.6	33.5	21.6	11.9	47
1964 1/	63.8	41.8	30.2	33.6	22.0	11.6	47
	Creamery Butter						
	Average retail price per pound	Wholesale price per pound, 92 score, Chicago	Farm value of equivalent quantity of milk and cream	Total	Wholesale-retail	Farm-wholesale	Farmer's share
1954	71.1	59.7	52.2	18.9	11.4	7.5	73
1955	69.6	57.4	50.9	18.7	12.2	6.5	73
1956	70.8	59.2	52.7	18.1	11.6	6.5	74
1957	72.9	59.6	52.7	20.2	13.3	6.9	72
1958	72.9	58.7	52.0	20.9	14.2	6.7	71
1959	73.9	59.7	53.2	20.7	14.2	6.5	72
1960	73.5	59.1	53.4	20.1	14.4	5.7	73
1961	74.9	60.5	54.5	20.4	14.4	6.0	73
1962	73.8	58.6	52.4	21.4	15.2	6.2	71
1963	73.6	58.2	52.2	21.4	15.4	6.0	71
1964 1/	74.4	58.7	53.0	21.4	15.7	5.7	71
	Evaporated Milk						
	Average retail price per 14½-ounce can	Wholesale price per 14½-ounce can 2/	Farm value of equivalent quantity of milk	Total	Wholesale-retail	Farm-wholesale	Farmer's share
1954	13.4	11.6	6.0	7.4	1.8	5.6	45
1955	13.3	11.6	6.0	7.3	1.7	5.6	45
1956	13.5	12.1	6.2	7.3	1.4	5.9	46
1957	14.1	12.6	6.2	7.9	1.5	6.4	44
1958	14.6	12.8	6.1	8.5	1.8	6.7	42
1959	14.7	12.9	6.2	8.5	1.8	6.7	42
1960	15.2	13.2	6.3	8.9	2.0	6.9	41
1961	15.4	13.1	6.5	8.9	2.3	6.6	42
1962	15.1	12.7	6.2	8.9	2.4	6.5	41
1963	14.9	12.5	6.2	8.7	2.4	6.3	42
1964 1/	14.9	12.4	6.4	8.5	2.5	6.0	43

1/ Preliminary.
2/ U.S. average manufacturers' selling price per case converted to price per 14½-ounce can.

component. Another product--usually nonfat dry milk--is made from the nonfat solids in milk. In calculating the farm value of butter, the price received by farmers for whole milk is allocated between butter and nonfat dry milk--the fat and nonfat components of milk are valued separately. This allocation is made on the basis of the wholesale prices of butter and nonfat dry milk and the costs of making and packaging them in plants manufacturing these products. During 1954-64, production and packaging costs for nonfat dry milk declined relative to those for butter. Thus, an increasing proportion of the price of milk was allocated to nonfat dry milk and less to butter. For that reason the farm value of butter made from creamery-separated milk rose less than 2 percent although the price farmers received for milk for butter increased 7 percent.

Evaporated Milk

Retail prices of evaporated milk averaged 14.9 cents per 14 1/2-ounce can in 1964, the same as in 1963. The farm value, however, increased 0.2 cent to 6.4 cents. Thus, the farm-retail spread decreased 0.2 cent. All of the decrease was in the farm-wholesale segment. The wholesale-retail segment increased 0.1 cent.

The farm value per 14 1/2 ounces of evaporated milk averaged 3 percent higher in 1962-64 than in 1954-56. The farm-retail spread averaged 19 percent larger in the later years than in earlier years, although it decreased in 1962 and 1963. The wholesale-retail segment increased by a much larger percentage than the farm-wholesale segment. Retail prices averaged 12 percent higher in 1962-64 than in 1954-56.

Consumption of evaporated milk declined from 14.8 pounds per capita in 1954 to 9.1 pounds in 1964. The decline in per capita consumption was associated with the increasing number of homes having refrigeration--especially in the South, the development of competing substitute products, and rising incomes. Increases in income and newly acquired refrigeration facilities have enabled many families to substitute fresh milk for evaporated milk, especially for infant feeding.

Ice Cream

Retail prices of ice cream, unlike those for the other principal dairy products, were lower in 1964 than in 1954 (table 10). The annual average retail price has declined each year since 1959. The farm value of the cream, milk, and sugar used in making ice cream increased slightly in 1964. During recent years it averaged about 5 percent higher than in the mid-1950's. The farm-retail spread, however, was smaller in recent years than in the earlier period. The decrease in the farm-retail spread probably resulted mainly from decreases in processing costs. Many firms have reduced costs by automation and through economies of scale. 4/

4/ Since 1954, sales of ice cream in 1/2-gallon containers have increased relative to sales in smaller containers. Also, the proportion of sales in supermarkets has increased. These developments have reduced the average price of ice cream. However, the retail prices in table 10 have been adjusted for both these developments.

Table 10.--Ice Cream: Retail price, farm value, farm-retail spread and farmer's share of retail price, 1954-1964

Year	Retail price per ½ gallon	Farm value 1/	Farm-retail spread	Farmer's share
	Cents	Cents	Cents	Percent
1954	84.3	22.8	61.5	27
1955	82.5	22.7	59.8	28
1956	82.2	23.5	58.7	29
1957	83.7	23.7	60.0	28
1958	84.4	23.2	61.2	27
1959	84.4	23.4	61.0	28
1960	83.5	24.0	59.5	29
1961	83.2	24.7	58.5	30
1962	82.5	23.7	58.8	29
1963	81.8	24.0	57.8	29
1964 2/	80.4	24.6	55.8	31

1/ For cream, milk, and sugar.
2/ Preliminary.

MARKETING SPREADS FOR LEATHER PRODUCTS 1/

The retail value of domestically manufactured leather products exceeds $5 billion a year, (table 11). 2/ Per capita expenditures for leather goods include about $22 a year for footwear and about $7 a year for other leather products. In addition, exports of hides and skins have been increasing, reaching $82 million in 1963-64.

Slaughter-Retail Bill for Leather Products

Meatpackers provide the tanner with the basic raw materials for making leather. An estimated 3,100 meatpackers received $368 million for hides, skins, and pelts in 1962 (table 11). This was approximately 7 percent of the retail value of leather products manufactured. After tanning, the value of the finished leather was $725 million or about 14 percent of the retail value of leather products; manufacturing of leather products, such as shoes, added an additional $2.1 billion (or 40 percent) to the marketing charges. Retailing accounted for an additional $2.4 billion, or approximately 45 percent of the marketing charges.

Leather Shoes

About 80 percent of the total leather supply is used in shoes. The remaining 20 percent is used in other leather

Table 11.--Estimated value of hides, skins and leather products at various marketing levels, 1962

Marketing agency	Value 1/	Percentage of retail value
	Million dollars	Percent
Meat packers 2/	368	7
Tanners 3/	725	14
Manufacturers of leather goods 4/	2,900	55
Retailers 5/	5,300	100

1/ No allowance has been made for value of imported and exported hides and leather and for value of articles manufactured partly from nonleather raw materials.
2/ Bureau of the Census, M62(AS)-2.
3/ Bureau of the Census, M62(AS)-2; includes belting.
4/ Bureau of the Census. Shoes, $2.2 billion; other leather products, $700 million.
5/ Estimated by applying a cumulative markup of 83 percent to the value of output of all leather manufacturers.

1/ Prepared by John W. Thompson, agricultural economist, Marketing Economics Division, Economic Research Service, USDA.
2/ This total includes the value of products made in part from nonleather raw materials and from imported leather. It is considerably larger than the estimate of consumer expenditures in 1963 for leather products published in the August 1964 issue of the Marketing and Transportation Situation. This estimate of $3.1 billion includes expenditures only for products made from leather of domestic origin and retailed in this country; also, it has been adjusted for products made from nonleather raw materials and from imported leather..

products. However, not all of the domestic production of shoes and slippers is made of leather. An extimated one-fourth of the shoes produced in 1962 had leather soles and about three-fourths had leather uppers.

U.S. factories turned out 589 million pairs of leather-type footwear in 1962. Their value at the factory was extimated at $2.2 billion. Imports totaled 55 million pairs of leather shoes and 116 million pairs of other types of footwear in 1962. Data given in table 12 illustrates steps, costs, and material balances necessary to transform green hides into a pair of men's shoes. The prices and costs in the example are estimated from data collected in marketing surveys, from trade publications, and from reports of the Bureau of the Census. The total time lapse--from green hide to final sale--was at least 6 months.

Table 12.--An example of marketing costs and returns for hides used in making a pair of men's shoes

Marketing Agency	Distribution of retail price	
	Dollars	Percent
Packinghouse:		
Value of green hides (5.5 lb. at 9 cents)	0.49	4.9
Curing cost	.05	.5
Fleshing cost	.14	1.4
Value of fleshed hide (3.6 lb. weight)	.68	6.8
Tannery:		
Cost of hide (3.6 lb.)	.68	6.8
Brokerage and freight	.07	.7
Tanning materials	.25	2.5
Labor	.25	2.5
Overhead, selling, shipping and profit	.25	2.5
Value of leather (3 square ft.)	1.50	15.0
Shoe manufacturer:		
Cost of upper leather (3 square ft.)	1.50	15.0
Cost of soles, innersoles, linings	1.00	10.1
Labor, overhead, shipping, and profit	3.00	30.2
Manufacturer's price of shoes 1/	5.50	55.3
Retail store:		
Cost of shoes	5.50	55.3
Salesmen	2.00	20.1
Overhead, selling, and profit	2.45	24.6
Retail price	9.95	100.0

1/ About 0.5 square foot of leather is wasted in manufacturing a pair of shoes.

OUTPUT PER MAN-HOUR IN FOOD MANUFACTURING 1/

Output per man-hour for all employees in factories processing farm food products increased about 56 percent from 1947-49 to 1963, according to preliminary estimates (table 13). 2/ Thus, only about two-thirds as many man-hours as were needed a decade and a half ago were required per unit of output in 1963; and the current product "mix" includes a much larger variety of products with more processing services per unit. Except for a slight decline in 1948, output per man-hour increased in each of the 16 years since 1947.

Output of factories processing farm foods increased 45 percent from 1947-49 to 1963 (preliminary estimate). Except for a small decrease in 1948 and no change in 1957, output increased every year from 1947 to 1963. The somewhat greater increase in output per man-hour resulted in a 7 percent decline in man-hours worked in food manufacturing from 1947-49 to 1963.

The average annual rate of growth in output per man-hour has varied for individual industry groups (table 14). The average annual rate of growth of output per man-hour for all food processing was 3.3 percent for the postwar period, 1947-63, as a whole. The industries showing faster-than-average rates of growth were sugar products (4.7 percent), processed fruits and vegetables (3.8 percent), and manufactured dairy products (3.4 percent). Those showing below-average rates of growth were bakery products (1.6 percent), confectionery products (2.4 percent), grain-mill products (3.1 percent), and meat products (3.1 percent). The annual data on output per man-hour show a fairly constant rate of change over the 16 postwar years. That is, the index of output per man-hour shows no apparent accelerated or decelerated rates of change.

The sugar and the processed fruits and vegetables industries, which experienced the largest rates of growth in output per man-hour, also experienced the largest average rates of growth in output. Dairy products and grain-mill products, which showed among the smallest yearly rates of increase in output, also exhibited comparatively large rates of growth in output per man-hour. However, bakery products, which had a substantially smaller rate of growth in output per man-hour than any other, did not experience the smallest gains in output. In sum, the divergent trends indicate that the faster growing industries experienced faster rates of growth in labor productivity, but that the slower growing industries did not necessarily experience small gains in labor productivity. Despite the divergent trends in output and labor productivity among industry groups, each group experienced a decline in the number of man-hours worked.

1/ Prepared by William H. Waldorf, agricultural economist, and Edward A. Cohn, economic assistant, Marketing Economic Division, Economic Research Service. Index numbers used in this article were developed as part of a broad investigation of changes in productivity of resources employed in marketing domestic farm food products. A more comprehensive report, including a discussion of methods, sources, and limitations of the indexes, has been published in Output Per Man-Hour in Factory Processing of Farm Food Products, by William H. Waldorf, Tech. Bul. 1243, ERS, U.S. Dept. Agr. Washington, D.C., May 1961.

2/ Series used in this article are for manufacturing establishments primarily engaged in processing domestically produced farm food products--except fluid milk, cream and eggs, including factory processing of farm foods for export, for the Armed Forces, and Government purchases used in various relief programs, as well as food for sale to civilian consumers. Factory processing of imported foods, seafoods, and other foods not produced on domestic farms and manufacture of alcoholic and nonalcoholic beverages are excluded.

Table 13.--Factory output, man-hour and output per man-hour in manufacturing farm-originated foods, industry groups, United States 1947-63 1/
(1947-49=100)

Year	All foods 2/			Meat products 3/			Manufactured dairy products 4/			Processed fruits and vegetables 5/		
	Output	Man-hours	Output per man-hour 6/	Output	Man-hours	Output per man-hour 6/	Output	Man-hours	Output per man-hour 6/	Output	Man-hours	Output per man-hour 6/
1947	101	102	100	105	102	103	105	109	97	97	103	93
1948	98	100	99	96	98	98	98	100	97	99	100	99
1949	100	99	101	99	100	99	97	91	106	104	97	107
1950	103	100	103	101	100	101	95	96	98	106	98	108
1951	106	102	104	100	104	97	91	90	101	124	107	115
1952	108	103	105	105	105	100	91	88	104	122	102	119
1953	112	7/97	7/115	113	7/102	7/111	96	7/90	7/106	129	7/98	7/131
1954	113	97	117	116	101	115	96	83	115	128	97	132
1955	117	98	119	125	103	120	98	84	117	135	98	137
1956	124	100	123	130	107	122	102	83	122	151	102	149
1957	124	98	126	124	101	124	103	82	126	144	103	140
1958	126	8/95	8/132	118	8/94	8/126	104	8/75	8/138	146	8/102	8/143
1959	131	96	137	127	94	136	107	75	142	151	98	154
1960	134	96	139	131	93	141	109	78	139	156	100	155
1961	138	95	146	133	90	147	113	77	146	167	101	166
1962	143	95	151	135	89	152	115	74	155	181	101	179
1963	145	93	156	142	88	161	114	72	159	166	95	174

Data for 1959-63 are preliminary.

1/ Man-hour indexes based on all employees and hours worked; figure for 1948 interpolated from Bureau of Labor Statistics data on all employees and hours paid for.

2/ Includes poultry dressing plants and establishments primarily engaged in manufacturing leavening compounds, shortening and cooking oils, margarine, corn wet milling products, flavorings, macaroni and spaghetti, and peanut butter, as well as industry groups shown in this table. Except for sugar, series include food manufacturing in Alaska and Hawaii since 1958.

3/ Includes meatpacking plants and establishments specializing in prepared meat products.

4/ Includes establishments primarily engaged in manufacturing creamery butter, natural cheese, concentrated milk, ice cream and ices, and special dairy products; it excludes processing of fluid milk and cream.

5/ Includes establishments primarily engaged in manufacturing canned fruits and vegetables, dehydrated fruits and vegetables, pickles and sauces, and frozen fruits and vegetables.

6/ Computations for production per man-hour are based on unrounded figures.

7/ Census Bureau revised sampling plan and universe in Annual Survey of Manufactures beginning in 1953 which somewhat offsets comparability of man-hours and output per man-hour series with earlier years.

8/ All industry groups, except sugar, cover Alaska and Hawaii, starting with 1958. Post 1958 years have been made comparable with earlier years.

Continued--

Table 13.--Factory output, man-hour and output per man-hour in manufacturing farm-originated foods, industry groups, United States, 1947-63 1/ Continued--

(1947-49=100)

Year	Grain-mill products 9/			Bakery products 10/			Sugar 11/			Confectionery 12/		
	Output	Man-hours	Output per man-hour 6/	Output	Man-hours	Output per man-hour 6/	Output	Man-hours	Output per man-hour 6/	Output	Man-hours	Output per man-hour 6/
1947	106	104	102	99	98	100	109	113	96	100	99	101
1948	102	100	102	100	100	100	91	96	95	102	102	100
1949	92	96	96	102	101	100	100	91	109	99	99	99
1950	91	95	96	103	101	102	122	102	119	105	105	100
1951	95	95	100	106	105	101	92	96	96	101	88	114
1952	96	105	92	111	107	104	96	93	103	102	92	110
1953	95	7/91	7/104	106	7/97	7/109	109	7/100	7/109	102	7/87	7/117
1954	96	84	115	105	97	108	118	85	138	97	85	114
1955	96	87	111	107	99	108	103	80	128	95	86	110
1956	100	84	119	111	100	110	112	78	144	98	88	111
1957	103	80	129	114	100	114	122	80	151	103	85	122
1958	107	8/78	8/136	118	8/99	8/120	124	8/83	8/149	105	8/83	8/126
1959	109	81	135	120	101	119	132	83	159	109	83	132
1960	111	81	138	121	101	119	137	82	168	112	83	136
1961	113	80	142	120	99	121	145	84	170	116	83	139
1962	114	79	145	123	99	124	153	79	191	117	84	138
1963	118	79	149	125	98	127	158	79	200	122	85	143

Data for 1959-63 are preliminary.

9/ Includes establishments primarily engaged in manufacturing flour and meal, cereal products, rice milling, and blended and prepared flour.

10/ Includes establishments primarily engaged in manufacturing biscuits and crackers, wholesale bakeries, grocery chain bakeries, house-to-house bakeries, and retail multi-outlet bakeries (excluding those with direct sales to consumers on premises). In 1954, establishments which were part of a chain and were producing for direct sale on premises were reclassified from the Census of Manufactures to the Census of Retail Trade; however, this did not significantly affect comparability of the series between 1947 and 1954. Establishments which bake primarily for direct sale to consumers are not included.

11/ Includes establishments primarily engaged in manufacturing raw cane sugar from domestically grown sugarcane (except Hawaii) and plants mainly engaged in production of beet sugar. The index of raw cane sugar also includes an adjustment for refining domestic cane sugar, except for Hawaiian sugar.

12/ Includes establishments primarily engaged in manufacturing candy and other confections.

Table 14.--Average annual percentage change in output, man-hours, and output per man-hour in manufacturing farm-originated foods, United States, 1947-63 1/

Industry group	Output	Man-hours	Output per man-hour
	Percent	Percent	Percent
All farm foods	2.3	-1.0	3.3
Meat products	2.6	-0.5	3.1
Dairy products	1.1	-2.2	3.4
Fruits and vegetable products	3.7	-0.1	3.8
Grain mill products	1.2	-1.8	3.1
Bakery products	1.5	-0.1	1.6
Sugar products	3.5	-1.1	4.7
Confectionery products	1.1	-1.3	2.4

1/ Based on data in table 13.

Comparison With Other Sectors 3/

The average annual rate of growth in output per man-hour between 1947 and 1963 was about the same in factories processing farm foods (3.3 percent) as in the total private sector of the economy (3.2 percent). The rate in food processing, however, was substantially larger than the rate in the private non-farm sector (2.6 percent), which includes manufacturing, trade, and service industries.

Output per man-hour in agriculture grew at an average yearly rate of 5.7 percent during the postwar period, considerably greater than in food manufacturing. The dramatic rate of growth of output per man-hour in agriculture reflects, among other things, a large substitution of capital for labor. The increase was considerably larger than the rise in total capital per worker in food manufacturing.

Factors Affecting Output Per Man-Hour

The postwar rise of output per man-hour in factory processing accompanied an increase in the stock of total capital per worker. However, technological improvement in capital goods probably was the most important single factor contributing to the growth in output per man-hour. Technological innovations in materials handling, continuous processes, electronic temperature and humidity controls, packaging, grading, and other developments have made a dramatic impact on output per man-hour. Development of frozen foods and other new products in which output per man-hour either is higher, or is rising faster than the average for all processed foods, also contributed to the overall increase in output per man-hour.

Increases in the "quality" of labor inputs through education, training, experience, and other kinds of investment in human capital also added substantially to the growth in output per man-hour. Economies of scale probably also contributed significantly to the postwar growth in output per man-hour.

3/ The average annual rates of growth of output per man-hour worked by all employees in the private employees in the private economy, in agriculture, and in the private nonagricultural sector were computed from Bureau of Labor Statistics annual estimates reported in Trends in Output Per Man-Hour in the Private Economy, 1909-58, BLS Bul. 1249 (1959), and supplements to that bulletin. All average annual rates of growth presented in this article were obtained by fitting exponential curves by least squares (Glover's method) to annual data.

TRENDS IN INDUSTRIES PROCESSING FARM-PRODUCED RAW MATERIALS

In 1963, most food and textile manufacturing industries had fewer establishments than in 1958 and fewer workers, particularly production workers, larger payrolls, higher value added, and higher capital expenditures (table 15 and 16). These changes essentially continued trends from 1947 to 1958.

Among these industries, however, there were a few exceptions, such as frozen fruits and vegetables (SIC 2037) and cereal preparations (SIC 2043). The former industry experienced increases of significance in each reported statistic, particularly in value added by manufacture (47 percent) and wages (52 percent). Value added by manufactures in 1963 equaled $475 million and wages, $147 million. In the cereal preparations industry value added by manufactures increased 61 percent and wages, 39 percent. In 1963 value added equaled $390 million and wages $61 million.

All industries except creamery butter, condensed and evaporated milk, and fluid milk (table 15) and woven rugs and carpets (table 16), reported increases in capital expenditures, along with the increases in value added. These 4 reported increases in value added and decreases in capital expenditures.

Table 15.--Food and kindred product industries: Percentage changes from 1958 to 1963 in number of establishments, employment, value of shipments, value added, and capital expenditures

Ind. code	Industry Group	Changes from 1958 to 1963							
		Number of establishments 1/	Total number of employees	Production workers: Number	Production workers: Man-hours	Production workers: Wages	Value added by manufactures	Value of shipments	Capital expenditures
		Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
20	Food and kindred products	-4.9	-4.4	-3.9	-2.3	13.8	20.8	---	29.4
201	Meat products	-1.8	-4.5	-2.1	-0.8	13.6	13.2	---	31.4
2011	Meat slaughtering plants	1.3	-10.4	-8.6	-7.1	9.6	4.1	2.4	28.6
2013	Meat processing plants	-5.2	-2.0	0.0	0.0	16.7	16.3	-.9	23.5
2015	Poultry dressing plants	-4.2	16.1	16.1	17.3	32.6	60.8	20.9	48.0
202	Dairies	-12.6	-12.5	-16.9	-15.2	.5	16.3	---	-2.5
2021	Creamery butter	-20.6	-29.4	-25.0	-23.1	-11.9	25.9	-6.1	-33.3
2022	Natural and process cheese	5.1	5.9	36.4	34.8	56.4	63.9	69.7	7.7
2023	Condensed and evaporated milk	-17.3	-7.7	-9.1	-13.0	6.4	10.8	11.6	-7.7
2024	Ice cream and frozen deserts	-15.5	-17.1	-21.1	-15.8	4.2	10.9	13.3	11.5
2026	Fluid milk	-12.4	-11.8	-18.6	-17.6	-2.4	14.6	10.0	-1.5
203	Canned and frozen foods	-0.4	2.1	7.8	7.9	25.4	32.5	---	86.0
2031	Canned and cured seafoods	-10.4	0.0	15.4	19.0	40.5	25.2	35.1	100.0
2032	Canned specialties	8.7	-12.5	-10.5	-16.7	-6.2	23.8	9.9	43.8
2033	Canned fruits and vegetables	-10.1	-13.6	2.3	3.0	20.2	21.5	23.6	67.5
2034	Dehydrated food products	28.4	25.0	28.6	30.8	54.5	67.1	25.6	142.9
2035	Pickles, sauces, salad dressings	-9.8	0.0	0.0	3.3	22.4	54.5	30.9	0.0
2036	Fresh or frozen packaged fish	16.4	11.1	20.0	23.1	37.5	59.5	24.8	50.0
2037	Frozen fruits and vegetables	25.1	22.5	23.5	24.2	51.5	46.6	42.9	175.0
204	Grain mills	-0.1	-1.7	-6.0	-1.7	10.9	19.5	---	11.5
2041	Flour mills	---	---	---	---	---	---	---	---
2042	Prepared animal feeds	-0.6	1.8	-7.9	-6.2	5.9	20.2	17.2	0.0
2043	Cereal preparations	24.0	9.1	25.0	17.6	38.6	60.5	51.4	50.0
2044	Rice milling	0.0	0.0	0.0	50.0	44.4	30.2	39.1	100.0
2045	Blended and prepared flour	---	---	---	---	---	---	---	---
2046	Wet corn milling	-23.1	-7.1	0.0	-4.5	8.9	8.0	7.4	44.4
205	Bakery products	-10.3	-6.6	-8.9	-6.1	14.8	12.6	---	27.8
2051	Bread and related products	-11.8	-7.8	-10.3	-7.6	12.4	10.8	8.4	22.2
2052	Biscuit, crackers and cookies	4.9	0.0	2.9	1.5	26.2	20.3	18.5	62.5
206	Sugar	1.9	-3.0	13.0	7.7	29.5	54.8	---	85.3
2061	Raw cane sugar	7.2	166.7	100.0	133.3	271.4	440.9	327.4	700.0
2062	Cane sugar refining	3.8	-13.3	-16.7	-16.0	6.3	37.3	28.4	-29.2
2063	Beet sugar	-4.5	10.0	11.1	4.8	24.4	69.2	48.2	275.0

1/ Includes only establishments having 20 or more employees.

Bureau of the Census, 1963 Census of Manufactures, preliminary report, MC63 (P)-3.

Table 16.--Textile mill products industries: Percentage changes from 1958 to 1963 in number of establishments, employment, value added, and capital expenditures

Industry code	Industry group	Changes from 1958 to 1963: Number of establishments 1/	Total number of employees	Production workers: Number	Production workers: Man-hours	Production workers: Wages	Value added by manufactures	Capital expenditures
		Percent	Percent	Percent	Percent	Percent	Percent	Percent
22	Textile mill products	-4.0	-4.1	-4.2	-0.1	14.9	26.6	80.7
2211	Weaving mills, cotton	-10.9	-14.4	-14.8	-9.3	5.9	18.4	108.3
2221	Weaving mills, synthetics	-5.2	7.3	8.1	13.2	30.3	38.8	106.7
2231	Weaving, finishing mills, wool	-20.3	-16.1	-16.3	-15.2	-5.4	15.7	60.0
2241	Narrow fabric mills	-2.9	-4.0	.0	.0	18.5	25.2	16.7
225	Knitting mills	-2.2	1.9	2.6	4.9	18.7	22.9	56.8
2251	Women's hosiery, except socks	---	---	---	---	---	---	---
2252	Hosiery, nec	---	---	---	---	---	---	---
2253 2254	Knit outerwear mills; Knit underwear mills, nec	5.2	9.0	10.3	12.6	28.8	32.6	76.5
2256	Knit fabric mills	24.3	27.8	18.8	31.3	42.9	55.1	100.0
2259	Knitting mills, nec	10.5	.0	.0	20.0	28.6	33.3	---
226	Textile finishing, except wool	-1.6	-4.1	-6.3	-3.8	10.0	27.6	133.3
2261	Finishing plants, cotton	-13.2	-18.4	-19.0	-18.4	-6.7	12.5	81.3
2262	Finishing plants, synthetic	6.8	25.0	21.4	27.6	43.1	53.9	250.0
2269	Finishing plants, nec	10.1	12.5	14.3	14.3	36.4	53.8	150.0
227	Floor covering mills	8.1	5.9	7.1	12.3	25.0	56.2	13.3
2271	Woven carpets and rugs	-17.0	-22.2	-20.0	-16.7	-9.1	8.6	-16.7
2272	Tufted carpets and rugs	---	58.3	60.0	75.0	118.5	129.4	37.5
2279	Carpets and rugs, nec	-28.3	-25.0	-50.0	-42.9	-30.0	-30.4	---
228	Yarn and thread mills	-6.3	-1.9	-2.0	5.4	21.7	30.5	103.8
2281	Yarn mills, except wool	-7.1	-5.9	-6.2	3.4	20.9	28.1	131.3
2282	Throwing and winding mills	---	---	---	---	---	---	---
2283	Wool yarn mills	-3.3	18.8	13.3	17.2	28.9	41.8	40.0
2284	Thread mills	---	---	---	---	---	---	---
229	Miscellaneous textile goods	2.6	1.4	1.8	4.5	24.0	28.3	51.9
2291	Felt goods, nec	14.3	.0	.0	.0	20.0	9.1	100.0
2292	Lace goods	---	---	---	---	---	---	---
2293	Padding and upholstery filling	-16.9	.0	.0	.0	19.0	10.5	.0
2294	Processed textile waste	---	---	---	---	---	---	---
2295	Coated fabric, not rubberized	32.8	30.0	42.9	40.0	64.7	71.0	22.2
2296	Tire cord and fabric	-13.0	.0	-9.1	-4.8	18.8	31.4	.0
2297	Scouring and combing plants	---	---	---	---	---	---	---
2298	Cordage and twine	5.6	-10.0	.0	-6.2	8.0	-7.7	---
2299	Textile goods, nec	---	---	---	---	---	---	---

1/ Includes only establishments having 20 or more employees. Bureau of the Census, 1963 Census of Manufactures, preliminary report, MC63 (P)-3.

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3. "Demand for Manufactured Foods, Manufacturers' Services, and Farm Products in Food Manufacturing--A Statistical Analysis," by William H. Waldorf, U. S. Dept. Agr., Econ. Res. Ser., Tech. Bull.-1317, Dec. 1964.
4. "Developing and Market Testing and Improved Looseleaf Tobacco Package," by Lindon U. Cockroft and J. W. H. Brown, U. S. Dept. Agr., Econ. Res. Ser., ERS-189, Sept. 1964.
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28. "Vegetable Production Density--Georgia," by W. Fred Chapman, Jr., Thurston L. Brooks and Kenneth E. Ford, Ga. Agr. Expt. Sta., Mimeo Series N.S.-212, Sept. 1964. (U. S. Dept. Agr., ERS cooperating.)

29. "Vegetable Production Density--Louisiana," by Kenneth E. Ford, W. Fred Chapman, Jr. and Thurston L. Brooks, Ga. Agr. Expt. Sta., Mimeo Series N.S.-217, Oct. 1964. (U. S. Dept. Agr., ERS cooperating.)
30. "Vegetable Production Density--Mississippi," by W. Fred Chapman, Jr., Thurston L. Brooks and Kenneth E. Ford, Ga. Agr. Expt. Sta., Mimeo Series N.S.-211, Sept. 1964. (U. S. Dept. Agr., ERS cooperating.)
31. "Vegetable Production Density--North Carolina," by W. Fred Chapman, Jr., Thurston L. Brooks and Kenneth E. Ford, Ga. Agr. Expt. Sta., Mimeo Series N.S.-206, Sept. 1964. (U. S. Dept. Agr., ERS cooperating.)
32. "Vegetable Production Density--South Carolina," by W. Fred Chapman, Jr., Thurston L. Brooks, Kenneth E. Ford and Jerold F. Pittman, Ga. and S. C. Agr. Expt. Stas., Mimeo Series N.S.-204, July 1964. (U. S. Dept. Agr., ERS cooperating.)
33. "Vegetable Production Density--Tennessee," by W. Fred Chapman, Jr., Thurston L. Brooks and Kenneth E. Ford, Ga. Agr. Expt. Sta., Mimeo Series N.S.-214, Oct. 1964. (U. S. Dept. Agr., ERS cooperating.)
34. "Vegetable Production Density--Virginia," by Kenneth E. Ford, W. Fred Chapman, Jr. and Thurston L. Brooks, Ga. Agr. Expt. Sta., Mimeo Series N.S.-216, Oct. 1964. (U. S. Dept. Agr., ERS cooperating.)

Publications issued by State Agricultural Experiment Stations may be obtained from the issuing Station.

LIST OF SPECIAL ARTICLES

in

The Marketing and Transportation Situation

1964

Marketing Costs, Spreads, and Profits

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Table 17.--Farm food products: Retail cost, farm value of equivalent quantities sold by producers, byproduct allowance, farm-retail spread, and farmer's share of retail cost, October-December 1964

Product 1/	Farm equivalent	Retail unit	Retail cost	Gross farm value	Byproduct allowance	Net farm value 2/	Farm-retail spread	Farmer's share
			Dollars	Dollars	Dollars	Dollars	Dollars	Percent
Market basket	Farm produce equivalent to products bought per urban wage-earner and clerical-worker household in 1960-61	Average quantities purchased per urban wage-earner and clerical-worker household in 1960-61	1,020.00	---	---	377.71	642.29	37
Meat products			285.09	---	---	133.16	151.93	47
Dairy products			179.83	---	---	80.77	99.06	45
Poultry and eggs			86.08	---	---	48.27	37.81	56
Bakery and cereal products								
All ingredients			161.14	---	---	33.30	127.84	21
Grain 3/			---	30.88	5.27	25.61	---	16
All fruits and vegetables			226.44	---	---	61.99	164.45	27
Fresh fruits and vegetables			108.19	---	---	36.24	71.95	33
Fresh fruits			43.40	---	---	14.50	28.90	33
Fresh vegetables			64.79	---	---	21.74	43.05	34
Processed fruits and vegetables			118.25	---	---	25.75	92.50	22
Fats and oils			35.08	---	---	11.98	23.10	34
Miscellaneous products			46.34	---	---	8.24	38.10	18
			Cents	Cents	Cents	Cents	Cents	Percent
Beef, Choice grade	2.25 lb. Choice grade cattle	Pound	79.3	46.9	4.2	42.7	36.6	54
Lamb, Choice grade	2.37 lb. lamb	Pound	76.3	45.8	7.4	38.4	37.9	50
Pork	2.00 lb. hogs	Pound	57.1	29.7	3.8	25.9	31.2	45
Butter	Cream and whole milk	Pound	75.8	---	---	54.4	21.4	72
Cheese, American process	Milk for American cheese	½ pound	37.2	---	---	15.6	21.6	42
Ice cream	Cream, milk, and sugar	½ gallon	79.3	---	---	25.0	54.3	32
Milk, evaporated	Milk for evaporating	14½-ounce can	15.0	---	---	6.5	8.5	43
Milk, fresh								
Home delivered	4.39 lb. Class I milk	½ gallon	52.8	---	---	22.4	30.4	42
Sold in stores	4.39 lb. Class I milk	½ gallon	48.0	---	---	22.4	25.6	47
Chickens, frying, ready-to-cook	1.37 lb. broiler	Pound	38.2	---	---	19.6	18.6	51
Eggs, Grade A large	1.03 dozen	Dozen	55.5	---	---	33.9	21.6	61
Bread, white								
All ingredients	Wheat and other ingredients	Pound	20.9	---	---	3.3	17.6	16
Wheat	.877 lb. wheat	Pound	---	3.1	.4	2.7	---	13
Bread, whole or cracked wheat	Wheat and other ingredients	Pound	26.7	---	---	3.1	23.6	12
Cookies, sandwich	Wheat and other ingredients	Pound	51.0	---	---	4.4	46.6	9
Corn flakes	2.87 lb. yellow corn	12 ounces	29.0	4/5.8	4/3.4	4/2.4	26.6	8
Flour, white	6.8 lb. wheat	5 pounds	57.7	23.7	2.8	20.9	36.8	36
Apples	1.04 lb. apples	Pound	14.8	---	---	5.2	9.6	35
Grapefruit	1.03 grapefruit	Each	16.0	---	---	3.6	12.4	22
Lemons	1.04 lb. lemons	Pound	23.1	---	---	7.0	16.1	30
Oranges	1.03 doz. oranges	Dozen	97.3	---	---	30.2	67.1	31
Cabbage	1.08 lb. cabbage	Pound	10.1	---	---	3.2	6.9	32
Carrots	1.03 lb. carrots	Pound	15.2	---	---	4.0	11.2	26
Celery	1.08 lb. celery	Pound	15.5	---	---	4.2	11.3	27
Cucumbers	1.09 lb. cucumbers	Pound	23.2	---	---	7.0	16.2	30
Lettuce	1.88 lb. lettuce	Head	25.9	---	---	9.3	16.6	36
Onions	1.06 lb. onions	Pound	10.9	---	---	3.1	7.8	28
Peppers, green	1.09 lb. peppers	Pound	31.4	---	---	9.7	21.7	31
Potatoes	10.42 lb. potatoes	10 pounds	77.0	---	---	29.3	47.7	38
Spinach	.71 lb. spinach	10 ounces	28.6	---	---	6.3	22.3	22
Tomatoes	1.18 lb. tomatoes	Pound	31.9	---	---	10.9	21.0	34
Peaches, canned	1.60 lb. Calif. cling peaches	No. 2½ can	31.9	---	---	4.8	27.1	15
Pears, canned	1.85 lb. pears for canning	No. 2½ can	47.9	---	---	7.9	40.0	16
Beets, canned	1.24 lb. beets for canning	No. 303 can	16.5	---	---	1.2	15.3	7
Corn, canned	2.495 lb. sweet corn	No. 303 can	19.1	---	---	2.5	16.6	13
Peas, canned	.69 lb. peas for canning	No. 303 can	22.6	---	---	3.2	19.4	14
Tomatoes, canned	1.84 lb. tomatoes for canning	No. 303 can	16.0	---	---	2.8	13.2	18
Orange juice, concentrate, frozen	2.73 lb. oranges	6-ounce can	29.8	---	---	14.1	15.7	47
French fried potatoes, frozen	1.38 lb. potatoes	9 ounces	16.2	---	---	2.7	13.5	17
Peas, frozen	.70 lb. peas for freezing	10 ounces	20.9	---	---	3.5	17.4	17
Beans, navy	1.00 lb. Mich. dry beans	Pound	16.7	---	---	7.0	9.7	42
Margarine	Soybeans, cottonseed, and milk	Pound	26.2	---	---	8.9	17.3	34
Peanut butter	1.33 lb. peanuts	12-ounce jar	44.2	---	---	15.1	29.1	34
Salad and cooking oil	Soybeans, cottonseed, and corn	Pint	32.1	---	---	9.5	22.6	30
Vegetable shortening	Soybeans and cottonseed	3 pounds	80.5	---	---	31.3	49.2	39
Sugar	Sugar beets and cane	5 pounds	58.6	24.2	1.4	5/22.8	5/35.8	5/39
Spaghetti with sauce, canned	Wheat, tomatoes, cheese, sugar	15½-ounce can	15.1	---	---	1.6	13.5	11

1/ Product groups include more items than those listed in this table. For example, in addition to the products listed--Choice beef, lamb, and pork (major products except lard)--the meat products group includes lower grades of beef, the minor edible pork products, and veal.

2/ Gross farm value adjusted to exclude imputed values of byproducts obtained in processing.

3/ For the bakery and cereal products group and the individual wheat products, gross farm value, byproduct allowance, net farm value, and farmer's share are based on price of wheat received by farmers plus 70 cents per bushel, the cost of the marketing certificate to millers and the value of the domestic marketing certificate received by farmers complying fully with the 1964 Wheat Program.

4/ Based on market price of corn received by farmers; no allowance made for price support payment received by farmers who comply with the Federal Feed Grain Program.

5/ Net farm value adjusted for Government payments to producers was 26.7 cents, farm-retail spread adjusted for Government processor tax was 33.1 cents, and farmer's share of retail cost based on adjusted farm value was 46 percent.

Table 18.--Farm food products: Retail cost and farm value, October-December 1964, July-September 1964, October-December 1963 and 1957-59 average

Product 1/	Retail unit	Retail cost: Oct.-Dec. 1964	Retail cost: July-Sept. 1964	Retail cost: Oct.-Dec. 1963	Retail cost: 1957-59 average	Retail cost: Percentage change Oct.-Dec. 1964 from- July-Sept. 1964	Retail cost: Percentage change Oct.-Dec. 1964 from- Oct.-Dec. 1963	Net farm value 2/: Oct.-Dec. 1964	Net farm value 2/: July-Sept. 1964 3/	Net farm value 2/: Oct.-Dec. 1963	Net farm value 2/: 1957-59 average	Net farm value 2/: Percentage change Oct.-Dec. 1964 from- July-Sept. 1964	Net farm value 2/: Percentage change Oct.-Dec. 1964 from- Oct.-Dec. 1963
		Dollars	Dollars	Dollars	Dollars	Percent	Percent	Dollars	Dollars	Dollars	Dollars	Percent	Percent
Market basket	Average quantities purchased per urban wage-earner and clerical-worker household in 1960-61	1020.00	3/1024.00	1010.71	982.65	4/	1	377.71	383.54	368.49	387.87	-2	3
Meat products		285.09	3/284.75	284.29	285.05	4/	4/	133.16	142.46	135.12	154.47	-7	-1
Dairy products		179.83	3/178.56	179.75	173.33	1	4/	80.77	78.39	79.38	77.85	3	2
Poultry and eggs		86.08	85.17	87.69	93.02	1	-2	48.27	48.50	49.32	56.28	4/	-2
Bakery and cereal products 5/													
All ingredients		161.14	159.85	158.90	148.40	1	1	33.30	33.35	31.97	30.55	4/	4
Grain		---	---	---	---	---	---	25.61	25.78	24.42	23.40	-1	5
All fruits and vegetables		226.44	3/234.60	218.59	202.96	-3	4	61.99	62.39	53.62	50.05	-1	16
Fresh fruits and vegetables		108.19	3/114.74	97.64	91.15	-6	11	36.24	36.70	31.20	28.70	-1	16
Fresh fruits		43.40	49.12	40.50	36.26	-12	7	14.50	15.53	14.16	12.26	-7	2
Fresh vegetables		64.79	3/65.62	57.14	54.89	-1	13	21.74	21.17	17.04	16.44	3	28
Processed fruits and vegetables		118.25	119.86	120.95	111.81	-1	-2	25.75	25.69	22.42	21.35	4/	15
Fats and oils		35.08	34.53	34.71	37.56	2	1	11.98	10.01	10.57	11.19	20	13
Miscellaneous products		46.34	46.54	46.79	42.33	4/	-1	8.24	8.44	8.51	7.48	-2	-3
		Cents	Cents	Cents	Cents	Percent	Percent	Cents	Cents	Cents	Cents	Percent	Percent
Beef, Choice grade	Pound	79.3	78.5	80.0	78.1	1	-1	42.7	43.8	44.0	48.3	-3	-3
Lamb, Choice grade	Pound	76.3	75.7	70.7	70.0	1	8	38.4	42.1	34.2	40.2	-9	12
Pork	Pound	57.1	57.9	56.8	60.5	-1	1	25.9	29.2	25.8	31.0	-11	4/
Butter	Pound	75.8	74.0	74.1	73.2	2	2	54.4	53.3	52.5	52.6	2	4
Cheese, American process	½ pound	37.2	36.5	36.1	32.3	2	3	15.6	14.9	15.1	14.2	5	3
Ice cream	½ gallon	79.3	79.9	82.0	84.2	-1	-3	25.0	24.4	24.3	23.4	2	3
Milk, evaporated	14½-ounce can	15.0	14.8	14.9	14.5	1	1	6.5	6.2	6.3	6.2	5	3
Milk, fresh													
Home delivered	½ gallon	52.8	53.0	53.0	50.8	4/	4/	22.4	21.7	22.2	21.9	3	1
Sold in stores	½ gallon	48.0	47.6	48.2	46.6	1	4/	22.4	21.7	22.2	21.9	3	1
Chickens, frying, ready-to-cook	Pound	38.2	38.2	38.6	43.5	0	-1	19.6	20.0	19.0	24.4	-2	3
Eggs, Grade A large	Dozen	55.5	54.2	57.1	56.2	2	-3	33.9	33.6	35.7	36.1	1	-5
Bread, white													
All ingredients	Pound	20.9	20.7	20.7	18.5	1	1	3.3	3.3	3.1	3.0	0	6
Wheat	Pound	---	---	---	---	---	---	2.7	2.7	2.5	2.4	0	8
Bread, whole or cracked wheat	Pound	26.7	26.3	---	---	2	---	3.1	3.0	---	---	3	---
Cookies, sandwich	Pound	51.0	50.8	51.2	---	4/	4/	4.4	4.3	4.2	---	2	5
Corn flakes	12 ounces	29.0	29.0	28.1	24.5	0	3	2.4	2.6	2.4	2.4	-8	0
Flour, white	5 pounds	57.7	57.1	55.4	53.3	1	4	20.9	21.0	19.7	18.8	4/	6
Apples	Pound	14.8	21.0	14.9	16.1	-30	-1	5.2	5.3	4.8	4.7	-2	8
Grapefruit	Each	16.0	17.7	13.0	10.7	-10	23	3.6	5.3	3.4	2.7	-32	6
Lemons	Pound	23.1	20.1	21.4	18.4	15	8	7.0	4.9	4.6	4.2	43	52
Oranges	Dozen	97.3	93.3	86.6	66.0	4	12	30.2	31.9	29.6	23.2	-5	2
Cabbage	Pound	10.1	10.0	8.4	8.7	1	20	3.2	3.2	2.0	2.4	0	60
Carrots	Pound	15.2	15.6	14.7	14.5	-3	3	4.0	4.5	3.9	3.7	-11	3
Celery	Pound	15.5	15.8	13.7	15.3	-2	13	4.2	5.1	3.4	4.4	-18	-24
Cucumbers	Pound	23.2	18.3	---	---	27	---	7.0	5.6	---	---	25	---
Lettuce	Head	25.9	3/22.8	25.6	22.6	14	1	9.3	7.1	9.5	6.0	31	-2
Onions	Pound	10.9	11.2	10.8	10.1	-3	1	3.1	3.1	3.3	3.4	0	-6
Peppers, green	Pound	31.4	3/30.1	---	---	4	---	9.7	9.3	---	---	4	---
Potatoes	10 pounds	77.0	89.1	60.6	58.3	-14	27	29.3	31.3	14.8	17.8	-6	98
Spinach	10 ounces	28.6	29.2	---	---	-2	---	6.3	5.6	---	---	12	---
Tomatoes	Pound	31.9	28.8	31.4	30.1	11	2	10.9	9.6	11.8	10.6	14	-8
Peaches, canned	No. 2½ can	31.9	33.5	32.7	34.3	-5	-2	4.8	4.7	4.7	6.1	2	2
Pears, canned	No. 2½ can	47.9	50.5	---	---	-5	---	7.9	9.0	---	---	-12	---
Beets, canned	No. 303 can	16.5	16.6	---	---	-1	---	1.2	1.1	---	---	9	---
Corn, canned	No. 303 can	19.1	19.1	18.9	17.8	0	1	2.5	2.4	2.4	2.4	4	4
Peas, canned	No. 303 can	22.6	22.7	22.7	21.0	4/	4/	3.2	3.2	2.9	3.1	0	10
Tomatoes, canned	No. 303 can	16.0	16.1	15.6	15.6	-1	3	2.8	2.5	2.5	2.3	12	12
Orange juice, concentrate, frozen	6-ounce can	29.8	30.4	32.3	23.4	-2	-8	14.1	15.7	11.6	8.2	-10	22
French fried potatoes, frozen	9 ounces	16.2	16.4	---	---	-1	---	2.7	2.1	---	---	29	---
Peas, frozen	10 ounces	20.9	21.0	21.1	19.9	4/	-1	3.5	3.2	3.0	3.2	9	17
Beans, navy	Pound	16.7	16.7	16.9	16.3	0	-1	7.0	6.3	6.2	6.9	11	13
Margarine	Pound	26.2	25.9	26.0	27.4	1	1	8.9	7.2	7.3	7.8	24	22
Peanut butter	12-ounce jar	44.2	43.7	43.5	41.4	1	2	15.1	14.7	14.9	14.1	3	1
Salad and cooking oil	Pint	32.1	31.7	---	---	1	---	9.5	7.8	---	---	22	---
Vegetable shortening	3 pounds	80.5	77.9	78.6	90.4	3	2	31.3	25.5	25.8	28.2	23	21
Sugar	5 pounds	58.6	60.3	67.5	54.5	-3	-13	22.8	24.3	23.6	20.2	-6	-3
Spaghetti with sauce, canned	15½-ounce can	15.1	15.1	---	---	0	---	1.6	1.5	---	---	7	---

1/ Product groups include more items than those listed in this table. For example, in addition to the products listed--Choice beef, lamb, and pork (major products except lard)--the meat products group includes lower grades of beef, the minor edible pork products, and veal.
2/ Gross farm value adjusted to exclude imputed value of byproducts obtained in processing.
3/ Most farm value figures for July-September 1964 have been revised; figures in other columns revised as indicated.
4/ Less than 0.5 percent.
5/ For the bakery products group and the individual wheat products, the net farm value for July-December 1964 is based on the market price of wheat received by farmers plus 70 cents per bushel, the cost of the wheat certificate to millers.

Table 19.--Farm food products: Farm-retail spread and farmer's share of the retail cost, October-December 1964, July-September 1964, October-December 1963 and 1957-59 average

Product 1/	Retail unit	Farm-retail spread 2/						Farmer's share			
		Oct.-Dec. 1964	July-Sept. 1964 3/	Oct.-Dec. 1963	1957-59 average	Percentage change Oct.-Dec. 1964 from- July-Sept. 1964	Percentage change Oct.-Dec. 1964 from- Oct.-Dec. 1963	Oct.-Dec. 1964	July-Sept. 1964	Oct.-Dec. 1963	1957-59 average
		Dollars	Dollars	Dollars	Dollars	Percent	Percent	Percent	Percent	Percent	Percent
Market basket	Average quantities purchased per urban wage-earner and clerical-worker household in 1960-61	642.29	640.46	642.22	594.78	4/	4/	37	3/37	36	39
Meat products		151.93	142.29	149.17	130.58	7	2	47	50	48	54
Dairy products		99.06	100.17	100.37	95.48	-1	-1	45	44	44	45
Poultry and eggs		37.81	36.67	38.37	36.74	3	-1	56	57	56	61
Bakery and cereal products 5/											
All ingredients		127.84	126.50	126.93	117.85	1	1	21	21	20	21
Grain		---	---	---	---	---	---	16	16	15	16
All fruits and vegetables		164.45	172.21	164.97	152.91	-5	4/	27	27	25	25
Fresh fruits and vegetables		71.95	78.04	66.44	62.45	-8	8	33	32	32	31
Fresh fruits		28.90	33.59	26.34	24.00	-14	10	33	32	35	34
Fresh vegetables		43.05	44.45	40.10	38.45	-3	7	34	32	30	30
Processed fruits and vegetables		92.50	94.17	98.53	90.46	-2	-6	22	21	19	19
Fats and oils		23.10	24.52	24.14	26.37	-6	-4	34	3/29	30	30
Miscellaneous products		38.10	38.10	38.28	34.85	0	4/	18	18	18	18
		Cents	Cents	Cents	Cents	Percent	Percent	Percent	Percent	Percent	Percent
Beef, Choice grade	Pound	36.6	34.7	36.0	29.8	5	2	54	56	55	62
Lamb, Choice grade	Pound	37.9	33.6	36.5	29.8	13	4	50	56	48	57
Pork	Pound	31.2	28.7	31.0	29.5	9	1	45	50	45	51
Butter	Pound	21.4	20.7	21.6	20.6	3	-1	72	72	71	72
Cheese, American process	½ pound	21.6	21.6	21.0	18.1	0	3	42	41	42	44
Ice cream	½ gallon	54.3	55.5	57.7	60.8	-2	-6	32	31	30	28
Milk, evaporated	14½-ounce can	8.5	8.6	8.6	8.3	-1	-1	43	42	42	43
Milk, fresh											
Home delivered	½ gallon	30.4	31.3	30.8	28.9	-3	-1	42	41	42	43
Sold in stores	½ gallon	25.6	25.9	26.0	24.7	-1	-2	47	46	46	47
Chickens, frying, ready-to-cook	Pound	18.6	18.2	19.6	19.1	2	-5	51	52	49	56
Eggs, Grade A large	Dozen	21.6	20.6	21.4	20.1	5	1	61	62	63	64
Bread, white											
All ingredients	Pound	17.6	17.4	17.6	15.5	1	0	16	16	15	16
Wheat	Pound	---	---	---	---	---	---	13	13	12	13
Bread, whole or cracked wheat	Pound	23.6	23.3	---	---	1	---	12	3/11	---	---
Cookies, sandwich	Pound	46.6	46.5	47.0	---	4/	-1	9	8	8	---
Corn flakes	12 ounces	26.6	26.4	25.7	22.1	1	4	8	9	9	10
Flour, white	5 pounds	36.8	36.1	35.7	34.5	2	3	36	37	36	35
Apples	Pound	9.6	15.7	10.1	11.4	-39	-5	35	25	32	29
Grapefruit	Each	12.4	12.4	9.6	8.0	0	29	22	30	26	25
Lemons	Pound	16.1	15.2	16.8	14.2	6	-4	30	24	21	23
Oranges	Dozen	67.1	61.4	57.0	42.8	9	18	31	34	34	35
Cabbage	Pound	6.9	6.8	6.4	6.3	1	8	32	32	24	28
Carrots	Pound	11.2	11.1	10.8	10.8	1	4	26	29	27	26
Celery	Pound	11.3	10.7	10.3	10.9	6	10	27	32	25	29
Cucumbers	Pound	16.2	12.7	---	---	28	---	30	31	---	---
Lettuce	Head	16.6	15.7	16.1	16.6	6	3	36	31	37	27
Onions	Pound	7.8	8.1	7.5	6.7	-4	4	28	28	30	34
Peppers, green	Pound	21.7	20.8	---	---	4	---	31	31	---	---
Potatoes	10 pounds	47.7	57.8	45.8	40.5	-17	4	38	35	24	31
Spinach	10 ounces	22.3	23.6	---	---	-6	---	22	19	---	---
Tomatoes	Pound	21.0	19.2	19.6	19.5	9	7	34	33	38	35
Peaches, canned	No. 2½ can	27.1	28.8	28.0	28.2	-6	-3	15	3/14	14	18
Pears, canned	No. 2½ can	40.0	41.5	---	---	-4	---	16	18	---	---
Beets, canned	No. 303 can	15.3	15.5	---	---	-1	---	7	7	---	---
Corn, canned	No. 303 can	16.6	16.7	16.5	15.4	-1	1	13	13	13	13
Peas, canned	No. 303 can	19.4	19.5	19.8	17.9	-1	-2	14	3/14	13	15
Tomatoes, canned	No. 303 can	13.2	13.6	13.1	13.3	-3	1	18	16	16	15
Orange juice, concentrate, frozen	6-ounce can	15.7	14.7	20.7	15.2	7	-24	47	52	36	35
French fried potatoes, frozen	9 ounces	13.5	14.3	---	---	-6	---	17	13	---	---
Peas, frozen	10 ounces	17.4	17.8	18.1	16.7	-2	-4	17	3/15	14	16
Beans, navy	Pound	9.7	10.4	10.7	9.4	-7	-9	42	38	37	42
Margarine	Pound	17.3	18.7	18.7	19.6	-7	-7	34	28	28	28
Peanut butter	12-ounce jar	29.1	29.0	28.6	27.3	4/	2	34	34	34	34
Salad and cooking oil	Pint	22.6	23.9	---	---	-5	---	30	3/25	---	---
Vegetable shortening	3 pounds	49.2	52.4	52.8	62.2	-6	-7	39	33	33	31
Sugar	5 pounds	35.8	36.0	43.9	34.3	-1	-18	39	3/40	35	37
Spaghetti with sauce, canned	15½-ounce can	13.5	13.6	---	---	---	---	11	3/10	---	---

1/ Product groups include more items than those listed in this table. For example, in addition to the products listed--Choice beef, lamb, and pork (major products except lard)--the meat products group includes lower grades of beef, the minor edible pork products, and veal.
2/ Gross farm value adjusted to exclude imputed value of byproducts obtained in processing.
3/ Most farm-retail spread figures for July-September 1964 have been revised; figures in other columns revised as indicated.
4/ Less than 0.5 percent.
5/ For the bakery products group and the individual wheat products, the farmer's share for July-December 1964 is based on the market price of wheat received by farmers plus 70 cents per bushel, the value of domestic marketing certificate received by farmers complying fully with the 1964 Wheat Program.

Table 20.--Farm food products: Retail cost, farm value of equivalent quantities sold by producers, byproduct allowance, farm-retail spread, and farmer's share of retail cost, annual 1963

Product 1/	Farm equivalent	Retail unit	Retail cost	Gross farm value	Byproduct allowance	Net farm value 2/	Farm-retail spread	Farmer's share
			Dollars	Dollars	Dollars	Dollars	Dollars	Percent
Market basket	Farm produce equivalent to products bought per urban wage-earner and clerical-worker household in 1960-61	Average quantities purchased per urban wage-earner and clerical-worker household in 1960-61	1,012.90	---	---	374.44	638.46	37
Meat products			286.35	---	---	143.06	143.29	50
Dairy products			178.14	---	---	77.43	100.71	43
Poultry and eggs			86.09	---	---	48.84	37.25	57
Bakery and cereal products								
All ingredients			159.03	---	---	32.00	127.03	20
Grain 3/			---	29.52	4.94	24.58	---	15
All fruits and vegetables			222.16	---	---	54.62	167.54	25
Fresh fruits and vegetables			103.19	---	---	32.78	70.41	32
Fresh fruits			44.68	---	---	16.00	28.68	36
Fresh vegetables			58.51	---	---	16.78	41.73	29
Processed fruits and vegetables			118.97	---	---	21.84	97.13	18
Fats and oils			35.14	---	---	10.41	24.73	30
Miscellaneous products			45.99	---	---	8.08	37.91	18
			Cents	Cents	Cents	Cents	Cents	Percent
Beef, Choice grade	2.25 lb. Choice grade cattle	Pound	81.0	51.1	4.5	46.6	34.4	58
Lamb, Choice grade	2.35 lb. lamb	Pound	71.3	42.9	6.3	36.6	34.7	51
Pork	2.00 lb. hogs	Pound	57.3	30.5	3.4	27.1	30.2	47
Butter	Cream and whole milk	Pound	73.6	---	---	52.2	21.4	71
Cheese, American process	Milk for American cheese	½ pound	35.7	---	---	14.8	20.9	41
Ice cream	Cream, milk, and sugar	½ gallon	81.8	---	---	24.0	57.8	29
Milk, evaporated	Milk for evaporating	14½-ounce can	14.9	---	---	6.2	8.7	42
Milk, fresh								
Home delivered	4.39 lb. Class I milk	½ gallon	52.4	---	---	21.5	30.9	41
Sold in stores	4.39 lb. Class I milk	½ gallon	47.6	---	---	21.5	26.1	45
Chickens, frying, ready-to-cook	1.37 lb. broiler	Pound	38.8	---	---	19.9	18.9	51
Eggs, Grade A large	1.03 dozen	Dozen	54.4	---	---	33.4	21.0	61
Bread, white								
All ingredients	Wheat and other ingredients	Pound	20.7	---	---	3.1	17.6	15
Wheat	.877 lb. wheat	Pound	---	2.9	.4	2.5	---	12
Bread, whole or cracked wheat	Wheat and other ingredients	Pound	---	---	---	---	---	---
Cookies, sandwich	Wheat and other ingredients	Pound	51.3	---	---	4.2	47.1	8
Corn flakes	2.87 lb. yellow corn	12 ounces	28.0	5.8	3.2	2.6	25.4	9
Flour, white	6.8 lb. wheat	5 pounds	55.5	22.3	2.6	19.7	35.8	36
Apples	1.04 lb. apples	Pound	17.8	---	---	5.7	12.1	32
Grapefruit	1.03 grapefruit	Each	14.7	---	---	4.1	10.6	28
Lemons	1.04 lb. lemons	Pound	22.9	---	---	6.0	16.9	26
Oranges	1.03 doz. oranges	Dozen	89.3	---	---	32.1	57.2	36
Cabbage	1.08 lb. cabbage	Pound	10.2	---	---	2.6	7.6	25
Carrots	1.03 lb. carrots	Pound	14.6	---	---	3.2	11.4	22
Celery	1.08 lb. celery	Pound	14.2	---	---	3.8	10.4	27
Cucumbers	1.09 lb. cucumbers	Pound	---	---	---	---	---	---
Lettuce	1.88 lb. lettuce	Head	24.9	---	---	7.8	17.1	31
Onions	1.06 lb. onions	Pound	11.2	---	---	3.5	7.7	32
Peppers, green	1.09 lb. peppers	Pound	---	---	---	---	---	---
Potatoes	10.42 lb. potatoes	10 pounds	62.3	---	---	17.0	45.3	27
Spinach	.71 lb. spinach	10 ounces	---	---	---	---	---	---
Tomatoes	1.18 lb. tomatoes	Pound	31.9	---	---	10.4	21.5	33
Peaches, canned	1.60 lb. Calif. cling peaches	No. 2½ can	32.3	---	---	5.1	27.2	16
Pears, canned	1.85 lb. pears for canning	No. 2½ can	---	---	---	---	---	---
Beets, canned	1.24 lb. beets for canning	No. 303 can	---	---	---	---	---	---
Corn, canned	2.495 lb. sweet corn	No. 303 can	19.0	---	---	2.4	16.6	13
Peas, canned	.69 lb. peas for canning	No. 303 can	22.6	---	---	2.9	19.7	13
Tomatoes, canned	1.84 lb. tomatoes for canning	No. 303 can	15.3	---	---	2.6	12.7	17
Orange juice, concentrate, frozen	3.68 lb. oranges	6-ounce can	30.1	---	---	10.3	19.8	34
French fried potatoes, frozen	1.38 lb. potatoes	9 ounces	---	---	---	---	---	---
Peas, frozen	.70 lb. peas for freezing	10 ounces	21.1	---	---	3.0	18.1	14
Beans, navy	1.00 lb. Mich. dry beans	Pound	17.0	---	---	6.4	10.6	38
Margarine	Soybeans, cottonseed, and milk	Pound	25.9	---	---	7.1	18.8	27
Peanut butter	1.33 lb. peanuts	12-ounce jar	43.4	---	---	15.0	28.4	35
Salad and cooking oil	Soybeans, cottonseed, and corn	Pint	---	---	---	---	---	---
Vegetable shortening	Soybeans and cottonseed	3 pounds	81.2	---	---	25.3	55.9	31
Sugar	Sugar beets and cane	5 pounds	65.8	24.5	1.5	4/23.0	4/42.8	4/35
Spaghetti with sauce, canned	Wheat, tomatoes, cheese, sugar	15½-ounce can	---	---	---	---	---	---

1/ Product groups include more items than those listed in this table. For example, in addition to the products listed--Choice beef, lamb, and pork (major products except lard)--the meat products group includes lower grades of beef, the minor edible pork products, and veal.

2/ Gross farm value adjusted to exclude imputed values of byproducts obtained in processing.

3/ Estimate of farm value and farmer's share for products including corn and wheat are based on market prices only and do not include Government payments to producers.

4/ Net farm value adjusted for Government payments to producer was 26.8 cents, farm-retail spread adjusted for Government processor tax was 40.1 cents, and farmer's share of retail cost based on adjusted farm value was 41 percent.

Table 21.--Farm food products: Retail cost, farm value of equivalent quantities sold by producers, byproduct allowance, farm-retail spread, and farmer's share of retail cost, annual 1964

Product 1/	Farm equivalent	Retail unit	Retail cost	Gross farm value	Byproduct allowance	Net farm value 2/	Farm-retail spread	Farmer's share
			Dollars	Dollars	Dollars	Dollars	Dollars	Percent
Market basket	Farm produce equivalent to products bought per urban wage-earner and clerical-worker household in 1960-61	Average quantities purchased per urban wage-earner and clerical-worker household in 1960-61	1014.72	---	---	373.08	641.64	37
Meat products			280.47	---	---	134.71	145.76	48
Dairy products			178.92	---	---	78.64	100.28	44
Poultry and eggs			84.51	---	---	47.45	37.06	56
Bakery and cereal products								
All ingredients			159.64	---	---	32.27	127.37	20
Grain 3/			---	29.45	4.79	24.66	---	15
All fruits and vegetables			229.54	---	---	61.21	168.33	27
Fresh fruits and vegetables			109.36	---	---	36.17	73.19	33
Fresh fruits			44.57	---	---	15.09	29.48	34
Fresh vegetables			64.79	---	---	21.08	43.71	33
Processed fruits and vegetables			120.18	---	---	25.04	95.14	21
Fats and oils			34.77	---	---	10.27	24.50	30
Miscellaneous products			46.87	---	---	8.53	38.34	18
			Cents	Cents	Cents	Cents	Cents	Percent
Beef, Choice grade	2.25 lb. Choice grade cattle	Pound	77.8	46.6	4.2	42.4	35.4	54
Lamb, Choice grade	2.35 lb. lamb	Pound	74.0	46.6	7.1	39.5	34.5	53
Pork	2.00 lb. hogs	Pound	56.4	30.2	3.6	26.6	29.8	47
Butter	Cream and whole milk	Pound	74.4	---	---	53.0	21.4	71
Cheese, American process	Milk for American cheese	½ pound	36.7	---	---	15.1	21.6	41
Ice cream	Cream, milk, and sugar	½ gallon	80.4	---	---	24.6	55.8	31
Milk, evaporated	Milk for evaporating	14½-ounce can	14.9	---	---	6.4	8.5	43
Milk, fresh								
Home delivered	4.39 lb. Class I milk	½ gallon	52.8	---	---	21.7	31.1	41
Sold in stores	4.39 lb. Class I milk	½ gallon	47.7	---	---	21.7	26.0	45
Chickens, frying, ready-to-cook	1.37 lb. broiler	Pound	37.8	---	---	19.5	18.3	52
Eggs, Grade A large	1.03 dozen	Dozen	53.9	---	---	32.9	21.0	61
Bread, white								
All ingredients	Wheat and other ingredients	Pound	20.7	---	---	3.2	17.5	15
Wheat	.877 lb. wheat	Pound	---	2.8	.3	2.5	---	12
Bread, whole or cracked wheat	Wheat and other ingredients	Pound	26.3	---	---	2.9	23.4	11
Cookies, sandwich	Wheat and other ingredients	Pound	51.0	---	---	4.2	46.8	8
Corn flakes	2.87 lb. yellow corn	12 ounces	28.6	4/5.9	4/3.4	4/2.5	26.1	3/9
Flour, white	6.8 lb. wheat	5 pounds	56.7	22.2	2.3	19.9	36.8	35
Apples	1.04 lb. apples	Pound	17.8	---	---	5.7	12.1	32
Grapefruit	1.03 grapefruit	Each	15.6	---	---	4.3	11.3	28
Lemons	1.04 lb. lemons	Pound	21.1	---	---	5.3	15.8	25
Oranges	1.03 doz. oranges	Dozen	88.1	---	---	28.4	59.7	32
Cabbage	1.08 lb. cabbage	Pound	10.3	---	---	2.8	7.5	27
Carrots	1.03 lb. carrots	Pound	14.9	---	---	3.4	11.5	23
Celery	1.08 lb. celery	Pound	15.7	---	---	4.9	10.8	31
Cucumbers	1.09 lb. cucumbers	Pound	23.8	---	---	8.8	15.0	37
Lettuce	1.88 lb. lettuce	Head	24.6	---	---	8.4	16.2	34
Onions	1.06 lb. onions	Pound	11.2	---	---	3.2	8.0	29
Peppers, green	1.09 lb. peppers	Pound	34.7	---	---	11.4	23.3	33
Potatoes	10.42 lb. potatoes	10 pounds	75.7	---	---	27.1	48.6	36
Spinach	.71 lb. spinach	10 ounces	28.1	---	---	5.5	22.6	20
Tomatoes	1.18 lb. tomatoes	Pound	33.2	---	---	11.2	22.0	34
Peaches, canned	1.60 lb. Calif. cling peaches	No. 2½ can	33.2	---	---	4.7	28.5	14
Pears, canned	1.85 lb. pears for canning	No. 2½ can	49.2	---	---	9.3	39.9	19
Beets, canned	1.24 lb. beets for canning	No. 303 can	16.7	---	---	1.1	15.6	7
Corn, canned	2.495 lb. sweet corn	No. 303 can	19.0	---	---	2.4	16.6	13
Peas, canned	.69 lb. peas for canning	No. 303 can	22.7	---	---	3.0	19.7	13
Tomatoes, canned	1.84 lb. tomatoes for canning	No. 303 can	16.0	---	---	2.6	13.4	16
Orange juice, concentrate, frozen	2.74 lb. oranges	6-ounce can	31.0	---	---	14.5	16.5	47
French fried potatoes, frozen	1.38 lb. potatoes	9 ounces	16.6	---	---	2.1	14.5	13
Peas, frozen	.70 lb. peas for freezing	10 ounces	21.0	---	---	3.2	17.8	15
Beans, navy	1.00 lb. Mich. dry beans	Pound	16.7	---	---	6.5	10.2	39
Margarine	Soybeans, cottonseed, and milk	Pound	26.0	---	---	7.4	18.6	28
Peanut butter	1.33 lb. peanuts	12-ounce jar	43.8	---	---	15.0	28.8	34
Salad and cooking oil	Soybeans, cottonseed, and corn	Pint	32.0	---	---	8.0	24.0	25
Vegetable shortening	Soybeans and cottonseed	3 pounds	79.0	---	---	26.2	52.8	33
Sugar	Sugar beets and cane	5 pounds	64.0	25.4	1.5	5/23.9	5/40.1	5/37
Spaghetti with sauce, canned	Wheat, tomatoes, cheese, sugar	15½-ounce can	15.1	---	---	1.6	13.5	11

1/ Product groups include more items than those listed in this table. For example, in addition to the products listed--Choice beef, lamb, and pork (major products except lard)--the meat products group includes lower grades of beef, the minor edible pork products, and veal.

2/ Gross farm value adjusted to exclude imputed values of byproducts obtained in processing.

3/ For the bakery and cereal products group and the individual wheat products, gross farm value, byproduct allowance, net farm value, and farmer's share in the second part of year, are based on price of wheat received by farmers plus 70 cents per bushel, the cost of the marketing certificate to millers and the value of the domestic marketing certificate received by farmers complying fully with the 1964 Wheat Program.

4/ Based on market price of corn received by farmers; no allowance made for price support payment received by farmers who comply with the Federal Feed Grain Program.

5/ Net farm value adjusted for Government payments to producers was 27.8 cents, farm-retail spread adjusted for Government processor tax was 37.4 cents, and farmer's share of retail cost based on adjusted farm value was 43 percent.

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